

ANNUAL REPORT **2012**



VILLAGE ROADSHOW LIMITED



CORPORATE PROFILE

Village Roadshow was founded by Roc Kirby and first commenced business in 1954 in Melbourne, Australia and has been listed on the Australian Securities Exchange since 1988. Still based in Melbourne, Village Roadshow Limited ('VRL') is a leading international entertainment company with

core businesses in Theme Parks, Cinema Exhibition, Film Distribution and Film Production and Music. All of these businesses are well recognised retail brands and strong cash flow generators – together they create a diversified portfolio of entertainment assets.

THEME PARKS

Village Roadshow has been involved in theme parks since 1989 and is Australia's largest theme park owner and operator.

On Queensland's Gold Coast VRL has:

- Warner Bros. Movie World, the popular movie themed park;
- Sea World, Australia's premier marine theme park;
- Wet 'n' Wild Water World, one of the world's largest and most successful water parks;
- Sea World Resort and Water Park, and Sea World Helicopters;
- Australian Outback Spectacular; and

- Paradise Country and Village Roadshow Studios.

VRL has commenced construction of Wet 'n' Wild Sydney, which is expected to open to the public in December 2013.

VRL's overseas theme parks are:

- Wet 'n' Wild Hawaii, USA; and
- Wet 'n' Wild Phoenix, Arizona USA.

VRL is planning to expand its USA water park presence with the opening of a new Wet 'n' Wild branded park in the USA in time for the US 2013 summer.

CINEMA EXHIBITION

Showing movies has a long tradition with Village Roadshow, having started in 1954 with the first of its drive-in cinemas. Today Village Cinemas jointly owns and operates 507 screens across 50 sites in Australia, 81 screens at 10 sites in Singapore, 67 screens at 9 sites in the United States and 12 screens in the UK.

VRL continues to lead the world with industry trends including stadium seating, 3D blockbuster movies and the growth category of premium cinemas including Gold Class. In addition, VRL has converted all of its Australian screens to the digital format, being the first major exhibitor in Australia to achieve this.

FILM DISTRIBUTION

Originally started by Village Roadshow in the late 1960's, Roadshow Films has grown into Australasia's largest independent film distributor distributing films to cinemas nationally as well as DVDs to major retailers. Roadshow is a major force in film distribution in all mediums in Australia.

Roadshow enjoys long standing distribution agreements and relationships with key film suppliers, such as Warner Bros. (since 1971), ABC, BBC, Lionsgate, Nu Image, Film Nation, The Weinstein Company and Village Roadshow Pictures. VRL also has film distribution operations in New Zealand.

FILM PRODUCTION AND MUSIC

Village Roadshow has been involved in the movie business since the 1960's. Jointly owned with other leading investors in the entertainment industry, Village Roadshow Entertainment Group comprises:

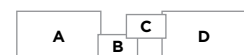
- One of the leading independent Hollywood movie producers, Village Roadshow Pictures, having won 8 Academy Awards and 3 Golden Globe Awards for films including *Training Day*, *Mystic River* and *Happy Feet*. Since its inception in 1998, Village Roadshow Pictures has produced 72 films with global

box office takings of over US\$11 billion including blockbuster hits such as *The Matrix* trilogy, the *Ocean's* trilogy, *Charlie And The Chocolate Factory*, *Happy Feet*, *I Am Legend*, *Get Smart* and *Sherlock Holmes*.

- Concord Music Group, one of the world's largest music companies, with over 8,000 commercially available album-length master recordings and over 14,000 owned and administered song copyrights.

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- A - Warner Bros. Movie World - Batman: Arkham Asylum
- B - Village Cinemas Gold Class
- C - Village Mobile
- D - The Avengers



TO OUR SHAREHOLDERS

The Board of Village Roadshow Limited ('VRL') is pleased to report another year of solid operating earnings and cash flow from its portfolio of core businesses for the year ended 30 June 2012.

The VRL group achieved a net profit after tax from continuing operations of \$33.8 million for the year ended 30 June 2012, up 20% compared to the prior year result of \$28.1 million. After including the sale of our Radio and Attractions divisions in the prior financial year, attributable net profit after tax was \$33.8 million for the current year, compared to \$185.5 million for the prior year.

The VRL group's operating profit after tax before discontinued operations and material items for the year ended 30 June 2012 was \$52.8 million, up 69% from \$31.3 million in the prior year. Further details are provided in the Reconciliation of Results, forming part of the Directors' Report, on page 12.

Pleasingly earnings per share before material items and discontinued operations ('EPS') were 34.4 cents per share, a 71% increase from the prior year comparable result of 20.1 cents per share. In addition, stable trading conditions across all of the Company's ongoing businesses and a reduction in overheads enabled VRL to record earnings before interest, tax, depreciation and amortisation from operations excluding material items and discontinued operations ('EBITDA') for the year ended 30 June 2012 of \$154.7 million, 10% up from the prior year amount of \$140.5 million.

The Board of Directors of VRL has also distributed \$33.5 million in dividends to shareholders arising from the 2012 financial year with an interim dividend of 12 cents per share paid in March 2012 and a final dividend of 10 cents per share paid in October 2012.

In addition to the solid trading performances of the Company's businesses, there have been a number of significant milestones and highlights to point to during the year.

Despite poor weather during key trading periods, the Company's Theme Parks division maintained their financial performance compared to the prior year, assisted by improved results from the Company's US water parks. We commenced construction of the exciting, new Wet'n'Wild water park in Sydney which is projected to open to the public at the end of the 2013 calendar year. We also continued to pursue theme park growth opportunities in the USA and theme park management opportunities in China.

In Cinema Exhibition, the Australian box office for the 2012 financial year was the second highest year on record and assisted Cinema Exhibition to an excellent full-year result. In addition the technological superiority and operational benefits of digital projection can now be fully realised, having been installed in all our Village Cinemas Australia sites, making us Australia's first major cinema exhibitor to offer 100% digital projection.

In Film Distribution, Roadshow Distributors delivered a robust result which included the Company's biggest box office taking ever with \$52.6 million generated by the much anticipated release of the series final blockbuster from Warner Bros., *Harry Potter And The Deathly Hallows: Part 2*. Roadshow's promotion of the much-loved Australian movie, *Red Dog*, also took \$21.4 million at the box office and generated a further \$17.4 million in DVD sales, making it the eighth highest grossing Australian title of all time.



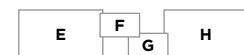
ROBERT G. KIRBY
EXECUTIVE CHAIRMAN



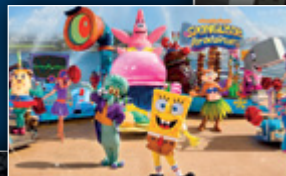
GRAHAM W. BURKE
CHIEF EXECUTIVE OFFICER

| FINANCIAL SUMMARY \$M (unless otherwise stated) | 2012 | 2011 | % Change |
|------------------------------------------------------------------------------------------------------|-------|-------|------------|
| Net profit after tax from continuing operations | 33.8 | 28.1 | Up 20.2% |
| Attributable net profit after tax (2011 includes sale of Austereo and Sydney Attractions businesses) | 33.8 | 185.5 | Down 81.8% |
| Net profit excluding material items and discontinued operations | 52.8 | 31.3 | Up 69.0% |
| EBITDA before material items and discontinued operations | 154.7 | 140.5 | Up 10.1% |
| Total dividends declared | 33.5 | 24.2 | Up 38.3% |
| Total shareholders' equity (2012 includes shareholder distribution of \$151.5m in July 2011) | 522.8 | 666.7 | Down 21.6% |
| Return on average total shareholders' equity (%) | 9.9 | 4.6 | Up 5.3% |
| EPS pre-material items and discontinued operations (cents per share) | 34.4 | 20.1 | Up 71.1% |
| Dividends - ordinary shares (cents per share) | 22.0 | 16.0 | Up 37.5% |

Refer to 5 Year Financial Summary on page 80 for further details in relation to the above disclosures.



E - Wet'n'Wild Aqua Loop
F - MyFun
G - Village Cinemas Gift Cards
H - The Hunger Games



The Company's investment in Village Roadshow Entertainment Group ('VREG') was restructured prior to year end, raising US\$275 million in new funds for VREG's Hollywood-based film production business which will drive an increase in VREG's new film release schedule into the future.

We continue to pursue a variety of complementary digital opportunities building on the success of our MyFun business, including the acquisition in September of Edge Loyalty Systems, an online gift cards, loyalty and rewards business, and a strategic stake in the online restaurant booking business, Dimmi.

The Company has also implemented significant corporate overhead cost savings during the year and maintains a conservative net debt position which, together with quality cash flows from VRL's established businesses, provides a strong platform from which to build further on our existing well-known brands and to drive growth opportunities.

THEME PARKS

Despite poor weather that impacted our core theme park business on the Gold Coast, Village Roadshow Theme Parks ('VRTP') slightly improved its consolidated EBITDA (excluding material items) from \$87.2 million last year to \$87.4 million for the year ended 30 June 2012, helped by our two USA water parks both enjoying better performances.

The Gold Coast Theme Parks division includes Warner Bros. Movie World, Sea World, Wet 'n' Wild, Australian Outback Spectacular, Paradise Country, Village Roadshow Studios, Sea World Resort & Water Park and Sea World Helicopters.

Despite record rainfall in South East Queensland for the second consecutive year and a continued decline in domestic tourism to the area, the Company's Gold Coast theme parks performed strongly. Wet weather particularly impacted the peak trading periods in the latter part of the January school holidays and the extended April/Easter school holidays.

VRTP continued its highly disciplined approach to expense control and the on-going focus on Season Pass ('VIP') ticket sales produced positive results; ticket sales revenue yield was up 1.3% on the prior year and up 14.7% since the VIP ticket program was introduced during the 2009 fiscal year. The campaign was anchored by the Company's Family VIP pass offer which proved particularly popular and the ability to offer multi-park passes enables VRTP to secure significant

market share. The Company's pro-active management of ticketing combinations drives ticket yields and attendances at our theme parks, giving patrons exceptional value for money offerings which in turn boosts in-park revenues.

Careful cost controls and operational efficiencies resulted in a decrease in expenses, mostly due to a reduction in labour hours on the previous financial year. The results of the 2013 pre-season VIP sales campaign on the Gold Coast have been outstanding to date and augur well for the performance of the parks in the next financial year.

Warner Bros. Movie World continues to perform well, with attendances being underpinned by strong visitation from the VIP pass program and the launch of the highly popular *Green Lantern* coaster in December 2011. This attraction was followed in April 2012 with the newly improved *Batman: Arkham Asylum* suspended looping coaster and the much anticipated DC comics 3D dark ride, *Justice League, Alien Invasion* in September 2012 to the compelling list of attractions for patrons of this park. Warner Bros. Movie World will continue with its teen and young adult *Halloween* event in October and its family oriented *White Christmas* event in December. This park is expected to continue to be popular in the coming summer trading period as it will continue to offer consumers a package of highly themed special events designed to create market urgency and frequency of visitation from its VIP pass holders.

At the Sea World theme park, the *Nickelodeon Parade* which commenced in December 2011 has proved popular with children. The new animatronic *Dinosaur Island* exhibition which opened in July 2012 has also been well received by our younger patrons and their families. Sea World will also offer a family oriented *Halloween* event in October 2012 and the new *Seal Habitat* display, designed to accommodate Sea World's multiple species of seals and sea lions, will open this December.

Sea World Resort & Water Park continued to perform strongly during the year. The addition in recent years of the water park attraction to the 405 room Sea World Resort and the more recent overlay of the the *Splash Bash* Nickelodeon theme, together with on-going room upgrades, have proven to be a competitive advantage and have been well received by patrons.

Wet 'n' Wild Gold Coast launched an Australian first, the *Constrictor* water slide, during September 2012 which has added to the capacity and attractions of this park. As would be expected, the previously mentioned poor weather conditions impacted on this iconic water park. With the region returning to a more normal climate and improving weather, as has been



- A - *Sherlock Holmes - A Game of Shadows*
- B - *Men In Black 3*
- C - *Sea World - Nickelodeon Parade*
- D - *Transformers: Dark of the Moon*



forecast, it is anticipated that this will have a positive effect on Wet'n'Wild Gold Coast's level of visitation and financial performance in the coming financial year.

The USA water parks division currently includes two water parks, Wet'n'Wild Phoenix located in Arizona and Wet'n'Wild Hawaii located on the island of Oahu, Hawaii. Both parks enjoyed solid performances in the June 2012 year, with Wet'n'Wild Phoenix recording a record year with EBITDA up 11.8% on the prior year. This result was anchored by the opening of the new *Constrictor* water slide in the northern spring of 2011 and by a new dedicated Wet'n'Wild Junior themed area dedicated to children aged 3 to 7 years. Wet'n'Wild Hawaii also improved on the prior year's results following a very successful season-pass marketing campaign and the performance of both US parks benefited from a disciplined approach to expense control.

VRTP is also planning to expand its USA water park presence by opening a new Wet'n'Wild branded water park in the USA in time for the US 2013 summer. VRTP has entered into a memorandum of understanding to own a majority interest in the park, and to manage the day to day operations of the property.

VRTP will continue to focus on the development and expansion of our Wet'n'Wild brand, with VRL owning the rights to use the name for water parks in Australia, the United States and in many countries in Asia. The Wet'n'Wild brand is considered one of the iconic brands in the international theme park industry and, based on attendances, our Wet'n'Wild park on the Gold Coast is one of the top ten water parks in the world.

Following development approval from the New South Wales government late last year, we have now commenced construction of the much anticipated Wet'n'Wild Sydney water park which we firmly believe will be the best water park in the world when it opens to the public in December 2013. The Company is investing \$110 - \$120 million in the water park and the marketing will highlight the state-of-the-art attractions unique to Wet'n'Wild Sydney, including a combination Lazy/Action River, Australia's first Surf Pool and a range of spectacular water slides and attractions unmatched by any water park. The new water park will feature a high ride capacity to minimise queueing which will enhance customer enjoyment and drive repeat visitation.

VRTP has signed an agreement to manage a proposed theme park in China with an opening date targeted for 2016. The park is subject to Government approval and financing. The Company continues to investigate other theme park management opportunities in China. The Company does not plan any significant capital investment in theme parks

in China. Whilst still early days, we are confident that there are enormous opportunities for the Company to profitably leverage its theme park expertise into the vibrant, growing theme park industry in China.

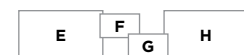
CINEMA EXHIBITION

Our Cinema Exhibition division operates predominantly in Australia, Singapore and the United States through joint ventures with Greater Union and other cinema operators. Village Cinemas has been showing movies for nearly 60 years and has been at the vanguard of changes and developments in the industry. We pioneered and developed the Gold Class and **max** concepts which are unique to cinemas in which Village Roadshow has an interest and they are enormously accretive to Village Cinema's cash flow and market leading position. In addition Village Cinemas Australia has converted all of its 507 screens at its 50 cinema sites to the digital format, the first major exhibitor in Australia to achieve this.

With access to outstanding film product during the year, the Australian box office for the 2012 financial year was the second highest year on record and pleasingly Gold Class admissions were up 6% on the prior year, assisting Village Cinemas to post a strong result.

Village Cinemas Australia generated operating profit before tax, discontinued operations and material items for the twelve months ended 30 June 2012 of \$31.5 million, up 14% on the \$27.6 million result in the prior year. EBITDA before discontinued operations and material items for the year ended 30 June 2012 was \$48.1 million, up 7% compared to \$44.9 million for the prior year. These positive results were obtained by higher average ticket prices and by outstanding product driving higher admissions. This, combined with a continued strong focus on the reduction of overheads, resulted in the improved performance from this division.

The year finished with a strong contribution to the results in the last quarter with *The Avengers* opening at the end of April and finishing as the highest grossing film in the 2012 financial year. Other strong performances throughout the year included a number of franchise films, in particular *Harry Potter and the Deathly Hallows: Part 2*, *Transformers: Dark of the Moon*, the first instalment of *The Hunger Games* and the third instalment of the *Twilight Saga*. Strong film product releases have continued into the new financial year with the opening of the *The Dark Knight Rises* from Warner Bros. and *Ted* from Universal Studios. This trend is expected to continue into the new financial year with big box office films such as *The Hobbit*, 007's return in *Skyfall* and the final instalment of the *Twilight Saga: Breaking Dawn*.



- E - *The Dark Knight Rises*
- F - *Wiggles DVD*
- G - *Red Dog*
- H - *Wet'n'Wild - Black Hole*



The development of the alternative content strategy continued during 2012 with success coming from different streams including opera and concerts. This included sessions for *Pearl Jam*, *PJ20*, *Phantom Of The Opera* and *The Chemical Brothers*. The commitment to alternative content will continue into 2013 with a focus on creating a calendar of events.

The Exhibition division continues to focus on maintaining the quality of its cinema locations and expanding its unique offerings, Gold Class and **max**, into key sites. The successful **max** brand continues to expand throughout the circuit with additional **max** screens being deployed at Indooroopilly and Tuggerah.

Village Cinemas Australia successfully re-negotiated its \$100 million syndicated debt facility in June 2012. The three year facility comprises a \$60 million amortising term loan with a \$40 million revolving loan facility.

Our jointly-owned Golden Village cinema circuit in Singapore also experienced a positive twelve months with admissions finishing marginally higher than the prior year. The Golden Village circuit has 81 screens across ten sites including the new site at Katong Mall which has performed above expectations since opening.

The Gold Class USA circuit, which trades as IPic Theatres, continued to restructure existing sites and launch new sites. In particular in 2012 an outstanding site in Boca Raton, Florida was opened which is performing in excess of expectations and construction is commencing shortly on an exceptional site in Wilshire Boulevard, Westwood, Los Angeles. At present the US business, of which we hold a 30% interest and carry under equity accounting requirements at nil value in VRL's accounts, has 67 screens across 9 sites.

FILM DISTRIBUTION

The Film Distribution division includes Roadshow Films, Roadshow Entertainment, Roadshow Digital and Roadshow Television, with operations in Australia and New Zealand.

A strong result was achieved by Roadshow with operating profit before tax, discontinued operations and material items for the year ended 30 June 2012 of \$41.5 million, up 17% compared to \$35.5 million in the prior period with a reduction in the amortisation of film rights arising on the acquisition by VRL (effective from 1 July 2007) contributing to this improvement. EBITDA from the division excluding discontinued operations and material items for the financial year was \$50.8 million, marginally up from the prior year result of \$50.5 million.

Roadshow Films continued to be the leading theatrical distributor with a market share of 26.5%, up from 23% last year. The highlights for the 2012 financial year was *Harry Potter And The Deathly Hallows: Part 2* from Warner Bros., with Australian box office results of \$52.6 million and the locally produced *Red Dog* becoming the 8th highest grossing Australian title of all time, with Australian box office results of \$21.4 million.

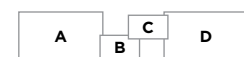
Roadshow is pleased to have recently renewed its exclusive theatrical distribution deal with Warner Bros. to December 2017. Roadshow's other key suppliers - Lionsgate, Nu Image, Film Nation and The Weinstein Company - form the core of the independent distribution relationships and ensure that Roadshow continues to be well placed in the theatrical industry. Lionsgate in particular continued to provide outstanding product especially *The Hunger Games* which recorded an Australian box office result of \$31.1 million. Roadshow has recently secured the rights to all *The Hunger Games* sequels from Lionsgate.

In addition to the successful release of *Red Dog*, Roadshow continues its commitment to supporting and distributing Australian films with the recent release of *Kath and Kimderella* in September 2012 and *Goddess* anticipated in March 2013.

Roadshow Entertainment continued to be Australia's number one DVD distributor maintaining a market share of 16.6%. The phenomenal success of *Red Dog* at the box office continued into retail as the DVD release outsold Hollywood blockbusters and smashed sales records. *Red Dog* sold in excess of 870,000 units or \$17.4 million for the year which makes it the highest selling Australian film on DVD of all time.

Central to the consistent and positive result over the 12 month period has been the overall performance of Roadshow's new release line-up together with the alignment of strong sales and marketing strategies. Stand out product and marketing campaigns included *Limitless*, *Sherlock Holmes 2: A Game of Shadows*, *The Inbetweeners*, *I Don't Know How She Does It*, *The Mechanic* and *The Girl Who Kicked The Hornets Nest*. Roadshow also had a number of important TV titles including Channel 9's *Underbelly 4: Razor*, *Hamish And Andy's Gap Year* and the 20th Anniversary boxed sets for *The Wiggles*.

Sales generated from the Blu-ray format continued to grow, and currently represent 10% of the revenue achieved from Roadshow's film catalogue in the Home Entertainment window. Roadshow Entertainment also secured licensing renewals during the last few months for both the BBC and ABC.



- A - *Ted*
- B - *Top Gear DVD*
- C - *Magic Mike*
- D - *The Hobbit: An Unexpected Journey*



The digital film distribution market continued to grow steadily in the financial year, exceeding our revenue expectations with the overachievement largely driven by iTunes, where sales during the year performed above target. The outstanding performers were *Red Dog*, *Sherlock Holmes: A Game of Shadows*, *The Mechanic*, *Limitless*, *Lincoln Lawyer*, *The Inbetweeners*, *Life As We Know It*, *Warrior* and *Abduction*. Bigpond's video-on-demand service available on the Telstra T-box also performed above forecasts and Foxtel pay-per-view sales remained reasonably consistent with prior year results. Ongoing growth in this sector continues to be expected, through the expansion of the Optus Me TV service supported by Fetch, and as more digital channels, subscription-video-on-demand and online transactional 'retailers' including Google and YouTube become more widely available and active in the market.

FILM PRODUCTION AND MUSIC

The Company retained its equity accounted investment in Village Roadshow Entertainment Group ('VREG') which consists of Village Roadshow Pictures ('VRP') and the Concord Music Group.

Village Roadshow Pictures is one of the leading independent producers of Hollywood movies with 72 film releases generating over US\$11 billion in worldwide box office revenues and 24 number one box office openings. Concord Music Group is one of the world's largest independent record companies and music publishers, with over 8,000 commercially available album-length master recordings and a catalogue of over 14,000 owned and administered song copyrights.

In June 2012 VREG completed a US\$275 million new funding transaction as part of the restructuring of its capital base. Further details of the restructuring are provided in the Directors' Report on page 10 and the Financial Report on page 50. The new capital will strengthen VREG's balance sheet with a view to doubling the number of films co-produced by VRP each year, and to support the continued growth of the Village Roadshow Entertainment Group Asia ('VREG Asia') film business in China.

During the fiscal year, VRP released *Happy Feet 2*, *The Lucky One* and *Dark Shadows*, which all underperformed to varying degrees. However *Sherlock Holmes: A Game of Shadows*, starring Robert Downey Jr. and Jude Law, was a break out success, grossing US\$544 million worldwide. In addition VRP's 72 film library continues to produce powerful cashflows.

Future releases from VRP include *Gangster Squad*, starring Sean Penn, Ryan Gosling, Emma Stone and Josh Brolin; and *The Great Gatsby*, starring Leonardo DiCaprio and Carey

Mulligan and directed by Baz Luhrman. Subsequent releases include *All You Need Is Kill* starring Tom Cruise and Emily Blunt, directed by Doug Liman; *Lego* directed by Phil Lord and Chris Miller; and *Fury Road (Mad Max)*, starring Tom Hardy and Charlize Theron, and directed by George Miller.

VREG Asia's film business continues to build with a focus around the replication of the portfolio approach used by VRP's Hollywood film business. Upcoming releases from this territory include *Journey to the West*, directed by Stephen Chow, and *Man of Tai Chi*, directed by and starring Keanu Reeves.

VREG's music division, Concord Music Group, had recent success with a new title *Kisses On The Bottom* from Sir Paul McCartney and the follow-up recording of 2011 Best New Artist Grammy winner Esperanza Spalding, *Radio Music Society*. Concord has a number of new releases from a diverse array of artists in the next few months.

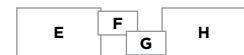
CORPORATE & OTHER

During the year we have implemented the corporate cost reductions we referred to last year, including reduced executive remuneration, and we continue to vigorously review all overheads. In addition, net interest expense has reduced significantly across the group as a direct result of the positive impacts of the significant debt reduction program undertaken in the prior financial year.

During the year the VRL Board took further steps to enhance its governance practices by introducing a new Corporate Governance Committee. This Committee, which comprises three independent non-executive directors, will provide oversight and advice on a number of governance matters to the VRL Board.

In 2012 the Company undertook a small shareholder sale transaction which enabled shareholders with unmarketable parcels of shares to easily and cost effectively dispose of their holdings and exit the register, bringing cost savings to the Company.

The VRL Board also wishes to acknowledge the retirement of Mr. John Kirby as an executive director of the Company. Mr. Kirby retired at 30 June 2012 as the Company's Executive Deputy Chairman, moving to Non-executive Deputy Chairman. Mr. Kirby has held a wide number of executive positions in his 40 years within the VRL group including in cinema exhibition, film distribution, radio, theme parks, construction and strategy. The VRL Board wishes to record its recognition of Mr. Kirby's significant contribution to the



E - Sea World - Dinosaur Island

F - Skyfall

G - Wet'n'Wild - Kamikaze

H - Dark Shadows



growth and development of the Company and is pleased to retain his wisdom and experience at the Boardroom table as Non-executive Deputy Chairman.

VRL operates its businesses in a responsible environmental and social way whilst continuing to maximise long term shareholder value. We continue with our sustainability initiatives that are embedded in the divisional operating businesses, reporting under the *National Greenhouse and Energy Reporting Act* and continue with our charitable and community involvement endeavours. Summarised information and reporting on these matters is available on the Company's website at www.villageroadshow.com.au.

In addition to the growth and development of the Company's core businesses described above, we have also continued to focus on executing our digital strategy including the growth of the MyFun brand. This strategy was enhanced by the acquisition of a strategic stake in Dimmi, an online restaurant booking business, and, in September 2012, by the acquisition of 100% of the online giftcard, loyalty and rewards business, Edge Loyalty. Whilst currently small, these businesses are expected to grow over the next few years.

THE YEAR AHEAD

VRL has again produced a solid operating result for the year ended 30 June 2012 and, with robust and durable earnings from our core businesses, the VRL Board is confident of the Company's future prospects. Our 2012 result demonstrates the strength of our businesses and the success of our work to restructure the group's debt and overhead position.

The Company maintains a conservative net debt position which, together with quality cash flows from our established businesses, provides a robust platform from which to build further on our existing well-known brands. We are pleased to have started work on the new Wet'n'Wild park in Sydney which we believe will be a major success when it opens in late 2013 and we have continued to pursue growth opportunities in China and the USA.

People want entertainment, to be able to escape and love to go out. VRL is servicing this very real tangible demand. Our cinemas are enjoying continuing success after a near record year, we have made significant investments in new attractions at our theme parks in expectation of a return to

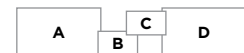
normal weather patterns and our film distribution and film production businesses are offering a portfolio of strong upcoming product. All of the Company's businesses are focussed on ensuring that our customers and patrons have an enjoyable entertainment experience and continue to come back for more.

The VRL Board is committed to maintaining a consistent, stable dividend return to our shareholders, whilst building on expansion opportunities for the future. Shareholders can be confident that the Company has sound prospects for further future wealth creation, that its businesses are strong, and the future looks promising.

On behalf of the Board we wish to thank the Company's dedicated and talented staff and management for their on-going contribution to the success of VRL. We also thank our customers and the suppliers of our different businesses for their support and most especially we thank you, our shareholders, for your continued backing throughout the year.

ROBERT G. KIRBY

GRAHAM W. BURKE



- A** - *Gangster Squad*
- B** - *Wet'n'Wild - Constrictor*
- C** - *Village Cinemas*
- D** - *Warner Bros. Movie World - Green Lantern*

CORPORATE DIRECTORY

Contact Information

Principal Administrative Office and Registered Office

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Divisional Offices

Theme Parks

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Fax: 07 5573 3666

Film Distribution

Roadshow Films

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Cinema Exhibition

Village Cinemas

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Film Production and Music

Village Roadshow Entertainment Group

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Garden Level
Beverly Hills CA 90210
United States
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Fax: +1 310 385 4334

Investor Inquiries

To ensure shareholders and other interested parties can keep up to date on the Company, Village Roadshow Limited's website contains information on the Company including its business unit profiles, result announcements, stock exchange releases and other information for investors. The site can be accessed at www.villageroadshow.com.au

Please contact the Company's share registry for all inquiries on your Village Roadshow shareholding, such as confirmation of shareholding details and change of address advice.

Share Registry

Computershare Investor Services Pty Limited

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