



ANNUAL REPORT 2013



VILLAGE ROADSHOW LIMITED

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. 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; and
- Australian Outback Spectacular, Paradise Country and Village Roadshow Studios.


Construction of Wet 'n' Wild Sydney is proceeding to plan and will open in December 2013.

VRL's overseas theme parks include:

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

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 a combined 680 screens at 72 sites with 514 screens across 51 sites in Australia, 87 screens at 11 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 and .

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, Relativity, The Weinstein Company and Village Roadshow Pictures. VRL also has film distribution operations in New Zealand.

FILM PRODUCTION

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 now consists of Village Roadshow Pictures and Village Roadshow Pictures Asia.

Village Roadshow Pictures is one of the leading independent Hollywood movie producers, having won 8 Academy Awards and 4 Golden Globe Awards for films including *Training Day*, *Mystic River* and *Happy Feet*. Since its inception in 1997, Village Roadshow Pictures has produced and released 74 films with global box office takings of over US\$12 billion including blockbuster hits such as *The Matrix* trilogy, the *Ocean's* trilogy, *Charlie And The Chocolate Factory*, *Happy Feet*, *I Am Legend*, *Sherlock Holmes* and *The Great Gatsby*.

Village Roadshow Pictures Asia released its first two films during the year including *Journey to the West* which achieved the highest opening day box office for a Chinese film in China and was the second highest grossing Chinese film in history.

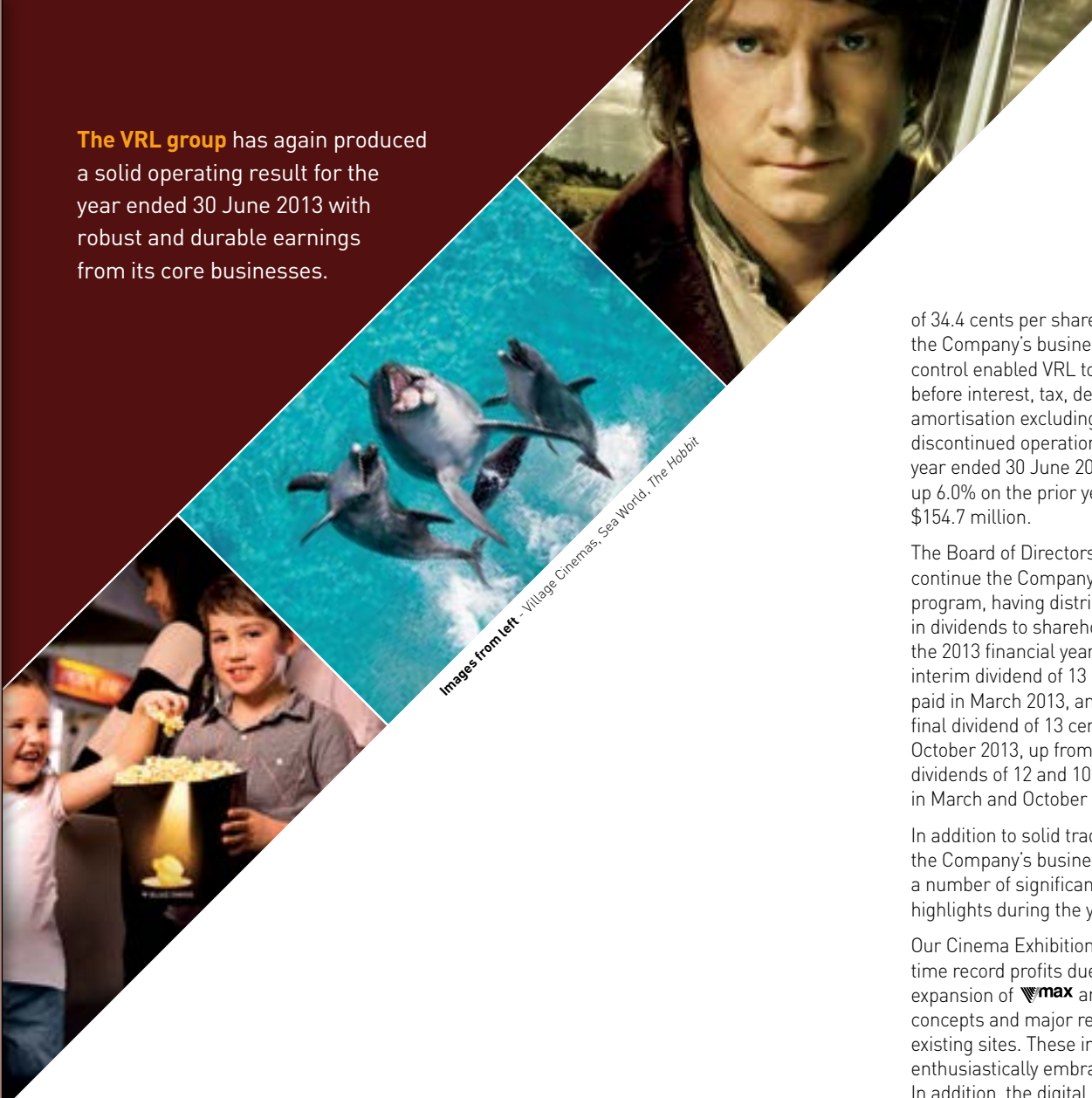
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Images on front cover (clockwise) - The Great Gatsby, Man of Steel, Warner Bros. Movie World, Village Cinemas, Gold Class, Sea World Dolphins, Wet 'n' Wild, Village Cinemas, Wet 'n' Wild, Constrictor, The Dark Knight Rises.



The VRL group has again produced a solid operating result for the year ended 30 June 2013 with robust and durable earnings from its core businesses.



Images from left - Village Cinemas, Sea World, The Hobbit

TO OUR SHAREHOLDERS

The Board of Village Roadshow Limited ("VRL") is pleased to report a very solid year of operating results in what was a challenging trading environment during the 2013 financial year. This is the direct outcome of continued focus on our core businesses and most importantly providing our customers with an escape from the day to day...

"People will always want to go out"

This has been and remains the simple mantra of our business. Staying true to this and ensuring all our businesses deliver a superior entertainment offering through utilising the latest technology and quality of product. Through the Company's well-known brands in Theme Parks, Cinema Exhibition, Film Distribution and Film Production, Village Roadshow offers superior quality venues and entertainment offerings coupled with unrivalled marketing expertise. In difficult economic times the Company offers the public good value

entertainment 'escapes' to its customers which encourages them to come back for more.

The VRL group achieved an attributable net profit after tax of \$50.9 million for the year ended 30 June 2013, a 50.8% increase compared to the result of \$33.8 million in the 2012 financial year, which included losses after tax from material items of \$6.3 million in the year ended 30 June 2013 and \$19.1 million in the prior year.

The VRL's group's attributable operating profit after tax, before discontinued operations and material items for the year ended 30 June 2013 was \$57.2 million, up 8.2% on the prior year result of \$52.8 million. Further details are provided in the Reconciliation of Results, forming part of the Directors' Report, on page 14.

Pleasingly, diluted earnings per share before material items and discontinued operations were 36.2 cents per share, up by 5.2% compared to the prior year result

of 34.4 cents per share. Solid trading by the Company's businesses and careful cost control enabled VRL to record earnings before interest, tax, depreciation and amortisation excluding material items and discontinued operations ("EBITDA") for the year ended 30 June 2013 of \$164.0 million, up 6.0% on the prior year result of \$154.7 million.

The Board of Directors is pleased to continue the Company's ongoing dividend program, having distributed \$41.5 million in dividends to shareholders in relation to the 2013 financial year with a fully-franked interim dividend of 13 cents per share paid in March 2013, and a fully-franked final dividend of 13 cents per share paid in October 2013, up from last year's unfranked dividends of 12 and 10 cents per share paid in March and October 2012 respectively.

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

Our Cinema Exhibition division enjoyed all time record profits due to strong product, expansion of **max** and Gold Class concepts and major refurbishments of existing sites. These initiatives have been enthusiastically embraced by customers. In addition, the digital projection program completed last year has realised operational benefits as well as offering technological superiority for our cinema patrons.

Despite poor weather during key trading periods, our Gold Coast-based theme parks produced a near record result driven by the strength of the successful 'VIP' pass strategy. In addition, construction of the new Wet'n'Wild Sydney water theme park continued, and this new water park is on track to open to the public in December this year. The Company also continued its push into Asia, with a management agreement being signed for a major theme park on



ROBERT G. KIRBY
EXECUTIVE CHAIRMAN



GRAHAM W. BURKE
CHIEF EXECUTIVE OFFICER

FINANCIAL SUMMARY (\$M unless stated otherwise)	2013	2012	% Change
Net profit after tax from continuing operations	51.1	33.8	Up 51.3%
Attributable net profit after tax	50.9	33.8	Up 50.8%
Attributable net profit excluding material items and discontinued operations	57.2	52.8	Up 8.2%
EBITDA before material items and discontinued operations	164.0	154.7	Up 6.0%
Total dividends declared	41.5	33.5	Up 23.7%
Total shareholders' equity	572.1	522.8	Up 9.4%
Return on average total shareholders' equity (%)	10.4	9.9	Up 0.5%
EPS pre-material items and discontinued operations (cents per share)	36.2	34.4	Up 5.2%
Dividends - ordinary shares (cents per share)	26.0	22.0	Up 18.2%

Refer to 5 Year Summary on page 76 for further details in relation to the above disclosures.

Hainan Island in China which is currently under construction, with the first phase scheduled to open late calendar 2014, coupled with active investigations into other development opportunities in Asia.

In Film Distribution we maintained our leading market share and renewed our major producer contracts, including Warner Bros., ABC, BBC, Relativity and Lionsgate during the year. The film product from these suppliers powered significant success at the Australian Box Office including *The Dark Knight Rises*, *The Hobbit* and *Man of Steel* from Warner Bros. and *The Great Gatsby* from Village Roadshow Pictures.

The worldwide success of *The Great Gatsby* was the highlight for our Film Production division during the year. The division sold its music business in early 2013 to concentrate on its core movie business both in Hollywood and in Asia, and is in the process of increasing its film output to 6 to 8 movies per year.

The Company has also continued development of its digital businesses during the year including acquiring the Edge Loyalty business and subsequently relaunching the MyFun website.

The strong financial results over a number of years, including in 2013, have been recognised by the market with the Company's share price performing strongly and culminating in VRL being included in the S&P ASX300 Index in September this year.

Summary details of the Company's financial performance for the last two years are shown in the table above, and for the past five years are shown in the Additional Information section on page 76 of this annual report.

The robust cash flows produced by VRL's established operations provide a strong platform from which to build the existing businesses and to drive further growth opportunities.

THEME PARKS

Village Roadshow Theme Parks ("VRTP") is Australia's largest theme park operator. VRTP recorded its second highest EBITDA result in 2013 with a 2.3% increase in EBITDA to \$89.3 million, up \$1.9 million on the previous year. Operating profit before tax, discontinued operations and material items was up \$2.0 million or 7.2% on the prior year. This performance was achieved despite inclement weather on the Gold Coast during key holiday periods in the second half of the financial year. The 2013 result also includes a \$2.0 million write-off of pre-opening costs for Wet'n'Wild Las Vegas.

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

During the year our Gold Coast parks launched a number of appealing capital product additions, such as our *Dinosaur Island* special event attraction at Sea World in July 2012, followed by *Seal Harbour* in December 2012, and the *Justice League 3D* interactive dark ride at Warner Bros. Movie World and the *Constrictor* water slide at Wet'n'Wild over the September school holiday period. These attractions, and the success of the popular Annual Pass ("VIP") ticket program and the multi-park pass offerings, enabled VRTP to secure significant market share.

These successful initiatives, together with improving economic conditions and initially

better weather, enabled the Gold Coast parks to enjoy a very strong first half-year performance. Unfortunately, the second half of the financial year was marked by the return of wet weather in key trading periods. Despite the subsequent poor weather, attendance at the major parks was up 709,000 visitors for the 2013 year, to a total of 5.4 million visitors, an increase of 15.3% compared to the prior year. Total revenue was up \$14.4 million or 5.6% and EBITDA was up \$1.5 million or 1.8% on the prior year.

The division's ongoing focus on VIP sales underpinned the financial performance of the Gold Coast parks. The combination of strong unit sales and a consistently high yield delivered a \$3.8 million increase in admissions revenue to \$139.3 million, an increase of 2.8% over the previous financial year. It should also be noted that the higher VIP unit sales played a major role in the attendance increase, resulting in an in-park revenue increase of \$9.3 million or 10.6% over the previous financial year.

images from left - The Lego Movie, Warner Bros. Movie World, The Green Lantern, Sea World polar bear cub.

THE LEGO
MOVIE

Village
Roadshow
Theme Parks is
Australia's largest
theme park operator.

Village Cinemas has been showing movies for nearly 60 years and continues to be at the forefront of developments in the industry.



Images from left - Warner Bros. Movie World, Wet'n'Wild, Tornado, Village Cinemas: Gold Class.

Warner Bros. Movie World continues to anchor the Gold Coast parks, with attendances being supported by the strong visitation from the VIP pass program and the continued success of the highly popular DC super hero attractions, including the *Green Lantern* steel coaster, the *Batman: Arkham Asylum* ride and the September 2012 opening of *Justice League*. The continued success of the teen/young adult oriented *Halloween Fright Nights*, and the family-focussed *White Christmas* events further buoyed the park with multiple sell-out performances. Warner Bros. Movie World attendances for the financial year exceeded 2 million visitors for the first time ever, up 17.5% over the previous financial year.

Strong VIP sales, good weather in the first half of the financial year and the new attractions of *Dinosaur Island* and *Seal Harbour* combined with the popularity of existing attractions, such as the *Nickelodean Parade*, drove the financial year results at the Sea World theme park. Sea World attendance was up 17.8% from the prior year. *The Bermuda Triangle* ride was decommissioned during the year with

Australia's first exhilarating hybrid steel/water coaster ride, *Storm Coaster*, due to open in its place in October 2013.

The 405 room Sea World Resort & Water Park delivered another record EBITDA performance. The positioning of the property as the Sea World Resort & Water Park continues to provide the resort with a competitive advantage and a solid marketing foundation for the future. The Sea World Resort & Water Park's strong performance was reflected in its occupancy, up 4.4% on the previous financial year, and the average room rate, up 11.5% over the prior year. We are also investing in a new Convention Centre to complement the increasingly successful resort, due to open in September 2015.

The successful opening in September 2012 at Wet'n'Wild Gold Coast of the new *Constrictor* water slide – the new broad-thrill water slide and the Travel Channel's fourth ranked slide in the world – together with improved weather conditions in the first half of the financial year and strong VIP sales, combined to drive a strong financial year performance with attendances up 17.4% on the prior year.

The Company's Australian Outback Spectacular, Sea World Helicopters and Paradise Country all complement our main Gold Coast businesses.

Advance sales of VIP packages have remained strong since year end, and the much anticipated public debut of Sea World's polar bear cub and the exciting opening of the *Storm Coaster* will underpin the performance of the Gold Coast theme parks for the coming financial year.

VRTP's USA Water Parks division now consists of three water parks, Wet'n'Wild Phoenix located in Arizona, Wet'n'Wild

Hawaii located on the island of Oahu, Hawaii, and the newly opened Wet'n'Wild Las Vegas in Nevada. VRTP opened Wet'n'Wild Las Vegas, on time and on budget, on Memorial Day weekend in the USA in late May 2013. VRTP acquired 51% of the park in September 2012, and has a management contract with responsibility for the day to day operations of the property. Trading has been very solid since opening but the new park's results were impacted by approximately \$2 million in non-recurring pre-opening expenses. Wet'n'Wild Hawaii and Wet'n'Wild Phoenix both enjoyed solid 2013 performances with strong season pass sales and a disciplined approach to expense control.

Construction is well progressed at Wet'n'Wild Sydney with this major project on schedule for its eagerly anticipated opening to the public in December 2013. We consider this new water theme park will be the best water park in the world and will feature state of the art attractions, including a combination Lazy/Action River, Australia's largest Wave Pool and a range of spectacular water slides/attractions unmatched by any water park in the world.

VRTP is also moving forward with its partner in China, Guangzhou R&F Properties Co. Ltd., to manage the theme park currently under construction on Hainan Island. The mega-park will include a wide array of marine exhibits, cutting edge thrill rides and a large water park. The first phase of the park is currently scheduled to open in late 2014. VRTP's primary focus in the future will be to explore development and management opportunities and to profitably leverage its theme park expertise into the vibrant, growing theme park industry in Asia.

CINEMA EXHIBITION

VRL's Cinema Exhibition division operates predominantly in Australia, Singapore and the United States through joint ventures, including with Amalgamated Holdings in Australia and other cinema operators. Village Cinemas has been showing movies for nearly 60 years and continues to be at the forefront of developments in the industry. This includes the successful Gold Class and **max** concepts which add fashion and excitement to the movie-going experience. We were also the first Australian cinema major to convert all of its screens in 2012 to the technologically superior digital format, which enabled us to screen alternative product at our cinemas

including *Andre Rieu Live 2012 Hometown Concert*, *Hungarian Rhapsody: Queen Live in Budapest '86* and the *Disney Princess* campaign.

At the end of June 2013, Village Cinemas has interests in a total of 680 screens at 72 sites, being 514 screens at 51 cinema locations in Australia, 11 sites with 87 screens in Singapore, 9 sites with 67 screens in its USA cinema circuit and one residual site in the UK with 12 screens.

In Australia, Village Cinemas generated operating profit before tax, discontinued operations and material items for the year ended 30 June 2013 of \$36.1 million, an increase of 14.6% compared to \$31.5 million in the previous year and EBITDA increased by 11.7% on the prior year. The outstanding performance was driven by higher average ticket prices as a result of converting more patrons to premium offerings, and growth in other revenue streams, including screen advertising revenue and online sales. There was also a 5% growth in patrons' spend on food and beverage items accompanied by improvements in food and beverage and payroll costs.

There were a number of films which performed well during the 2013 financial year, including strong performances from the new *Bond*: *Skyfall* - the highest grossing movie of the 2013 financial year - as well as *The Hobbit*, *The Dark Knight Rises*, *Iron Man 3*, *Ted*, *Looper*, the final instalment of *Twilight: Breaking Dawn 2*, and *Madagascar 3*, with solid performers including *Django Unchained* and *The Silver Linings Playbook*. The year finished with strong releases opening each week in June, including: *The Hangover Part 3*, *The Great Gatsby*, *Despicable Me 2* and *Monsters University*, followed after year-end by *Man of Steel*.

During the year, the division focused on expanding its Gold Class and **max** offerings, where we currently have 76 Gold Class screens and 35 **max** screens across Australia. This expansion will continue in 2014, particularly at Fountain Gate in Victoria and Hurstville in New South Wales. Village Cinemas also continues its refurbishment program with major works taking place at Crown Casino and Jam Factory in Melbourne. Village Cinemas was also successful in buying out our partner's 50% interest in the four Tasmanian sites during the 2013 financial year. In the 2014 financial year, the division is expected to continue its refurbishment program and to open one further site in Queensland, with further new cinema sites in various stages of planning.

The Company's jointly-owned Golden Village cinema circuit in Singapore experienced a record twelve months, with paid admissions finishing 9% higher and underlying operating profit up 29% on

the prior year. Driving this growth was an increase in average ticket prices and a reduction in advertising and film hire costs. During November 2012, the wonderful new site at City Square was opened and has been trading very strongly. Later in 2014 a further much anticipated site at Suntec City will be opened which will comprise 11 screens including **max** and Gold Class. This new location is second to none in Singapore and we expect it will be the jewel in the crown when it opens.

Our 30% owned Gold Class USA circuit, which trades as iPic Theaters, exceeded expectations during the year. Based on our unique Gold Class concept pioneered in Australia, the business has successfully introduced a number of innovative add-on revenue concepts for our US cinema destinations. iPic is cash flow break even, before taking into account any impact of interest and depreciation, and is on track to build a great asset as a critical mass of sites is reached over time. The business has continued its expansion objectives with a number of additional sites in negotiation, with two new iPic sites expected to open in the 2014 financial year including a 'super site' on Wilshire Boulevard in Los Angeles.

FILM DISTRIBUTION

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

A solid result was achieved by Roadshow with operating profit before tax, discontinued operations and material items for the year ended 30 June 2013 of \$38.0 million compared to \$41.5 million in the prior period. EBITDA excluding discontinued operations and material items for the year was \$46.2 million, compared to \$50.8 million in the prior year.

During the year Roadshow Films maintained its leading Australian market share of 25.5%, continuing to capitalise on its strong supplier relationships. Roadshow's relationship with Warner Bros. was further strengthened during the year with the renewal of the term as their exclusive Australian and New Zealand Distributor until 31 December 2017. Warner Bros. continued to produce strong market leading product, including

The Dark Knight Rises, *Argo*, *The Hobbit* and *Man of Steel*, all of which released to strong box office revenues. During the year the first instalment of *The Hobbit* trilogy became the biggest Boxing Day release in motion picture history and Australia's largest opening day of all time, accumulating \$43 million at the Australian Box Office.

Our other key suppliers, which include Lionsgate, Nu Image, Film Nation, Relativity, Village Roadshow Pictures and Weinstein Co. formed the core of Roadshow's independent distribution relationships and ensure that it continues to be well placed in the theatrical industry. These suppliers continued to provide outstanding product during the year, which included *Magic Mike*, *Looper*, *Silver Linings Playbook*, *Olympus has Fallen* and *Big Wedding*. The year also saw Lionsgate expand their output deal with Roadshow Films which secured the *Hunger Games* sequels and other releases until December 2014.

Through Roadshow we continue our proud tradition and commitment to supporting Australian films with two releases during the year, *Kath and Kimderella* and *Goddess*. Other Australian titles scheduled for future release include:

- *Now Add Honey* with Hamish Blake and Portia de Rossi;
- *Felony* with Joel Edgerton and Tom Wilkinson;
- *These Final Hours* starring Nathan Phillips;
- *The Rover* starring Guy Pearce and Robert Pattinson; and
- *Wolf Creek 2* starring John Jarratt.

Images from left - Village Cinemas Gift Cards, *The Hangover Part 3*, *Gangster Squad*



**Roadshow
Films**
maintained its
leading Australian
market share

Village Roadshow Pictures is one of the leading independent producers of Hollywood movies with 74 film releases generating over US\$12 billion in worldwide box office revenues



Images from left - Doctor Who Seventh Series, The Great Gatsby, Wet'n Wild, Constrictor.

The outlook for distribution product in the 2014 financial year features a great mix of strong independent films and Warner Bros. product, including the second instalment of the *The Hobbit: The Desolation Of Smaug*, and the second instalment of *The Hunger Games: Catching Fire*.

Roadshow Entertainment continued to be the leading independent retail distributor of DVD's during the year maintaining an Australian market share of 15.5%, despite a challenging retail landscape.

The phenomenal success of *Hunger Games* at the box office continued into retail with DVD sales outperforming expectations. Throughout the year Roadshow enjoyed a continued line up of strong new releases which, together with the alignment of innovative sales and marketing strategies and broad support from Australia's leading retailers, led to stand out DVD results including *Magic Mike*, *The Expendables 2*, *Looper* and *Silver Linings Playbook*. Roadshow also had a number of important television titles including Channel 9's *Underbelly 5: Badness*, BBC's *Dr Who* and drama series *Call the Midwife*. *Hamish and Andy's Euro Gap Year* and ITV's classic

Heartbeat also proved to be popular with Australian consumers.

Sales of Blu-ray format product continues to grow and currently represents 19.2% of the Home Entertainment revenue achieved from Roadshow's movie category. With the DVD release of *Gangster Squad* in May 2013, Roadshow played a leading role in the Australian launch of Ultraviolet – the new global format supporting digital ownership which provides instant access to movies and television collections in 'the cloud'.

During the year, Roadshow's DVD distribution facility in Sydney was sold to the global media services provider, Technicolor. The sale led to a profit on disposal of \$6.8 million before tax. As part of the transaction Technicolor was appointed by Roadshow to provide both distribution and manufacturing services for the next five years, generating further savings to Roadshow over that period.

The Australian digital film distribution market sustained steady growth in the financial year, up 30% on last year, with Roadshow outperforming the market with a 50% growth year on year. The outlook for digital distribution of our product is very positive with enormous potential through iTunes, Google, Microsoft, Foxtel, Big Pond and JB Hi-Fi with faster broadband and greater connectivity through smart phones and tablets.

Roadshow Television results were lower than the prior year, mainly resulting from the new Pay TV contract with Foxtel which began in January 2013.

FILM PRODUCTION

Following the sale of the Concord Music Group in March 2013, Village Roadshow Entertainment Group ("VREG") now consists of Village Roadshow Pictures and Village

Roadshow Pictures Asia. The sale proceeds were utilised to reduce VREG's debt and to free up cash to allow VREG to focus on its core film production business.

VRL holds 47.63% of VREG's ordinary shares and also holds non-voting, redeemable equity shares. VRL equity accounts its investment in VREG.

Village Roadshow Pictures is one of the leading independent producers of Hollywood movies with 74 film releases generating over US\$12 billion in worldwide box office revenues and 24 number one box office openings to date.

During the year, Village Roadshow Pictures released two films: *Gangster Squad* in January 2013 and *The Great Gatsby* in May 2013. *Gangster Squad*, starring Sean Penn, Ryan Gosling and Emma Stone, grossed US\$106.0 million worldwide. *The Great Gatsby*, directed by Baz Luhrmann and starring Leonardo DiCaprio, Tobey Maguire, Carey Mulligan and Joel Edgerton was well received by audiences globally and has grossed in excess of US\$346 million worldwide to date.

Village Roadshow Pictures' goal of 6-8 film releases per year is coming to fruition with a slate of 6 films scheduled to release in calendar year 2014. Future releases include:

- *The Lego Movie 3D* directed by Phil Lord and Chris Miller with the voices of Chris Pratt, Will Ferrell and Elizabeth Banks;
- *Winter's Tale* directed by Akiva Goldsman and starring Colin Farrell and Russell Crowe alongside Jennifer Connelly and Will Smith;
- *Edge of Tomorrow 3D* directed by Doug Liman and starring Tom Cruise and Emily Blunt;
- *Jupiter Ascending 3D* directed by the Wachowskis and starring Channing Tatum and Mila Kunis;
- *Into the Storm* directed by Steven Quale and starring Richard Armitage;
- *The Judge* starring Robert Downey Jr., Vera Farmiga and Robert Duvall;
- *Mad Max: Fury Road 3D* directed by George Miller and starring Tom Hardy and Charlize Theron; and
- *In the Heart of the Sea*, directed by Ron Howard and starring Chris Hemsworth.

Village Roadshow Pictures Asia continues to build with the VRP Asia unit releasing its first two films during the year. *Journey to the West*, released in February 2013, achieved the highest opening day box

office for a Chinese film in China (78 million RMB) and also was the second highest grossing Chinese film in history at US\$200.8 million in Chinese box office. VRP Asia also released *Say Yes!* in February 2013 which performed well, grossing US\$32.3 million in the Chinese box office. Subsequent VRP Asia releases included *Man of Tai Chi* which released in July 2013, *Don't Go Breaking My Heart 2* which is currently in production, and *Go Lala Go 2!*, which is currently in pre-production.

CORPORATE AND OTHER

The acquisition of Edge Loyalty Systems was successfully completed during the year. The business continues to trade strongly and to perform above expectations, showing promising signs of future growth in the coming periods. Edge Loyalty comprises loyalty programs and promotion activities, with brands such as Giftango, Gifte, Hollywood Movie Money and Gift Card Planet, and the upcoming Good Food Gift Card.

MyFun, the online entertainment destination, launched its new website in June 2013, and now has over 160 leisure experience partners covering more than 400 attractions around Australia.

Whilst currently small, it is expected that these digital businesses will grow over the next few years. The revenues and costs of the digital group are included in the group segment 'total net corporate and other costs'.

The total net corporate and other costs before tax, discontinued operations and material items for the year ended 30 June 2013 were \$27.1 million compared to \$29.0 million for the 2012 financial year. Excluding interest and depreciation the EBITDA cost for the year to 30 June 2013 was \$30.1 million, compared to \$34.6 million in the prior year. Net interest revenue was lower in the current financial year compared with the prior year due to lower cash reserves as a result of the payment of the shareholder distribution and income tax on the sale of the Austereo investment part way through the prior year, and capital funding of the Wet 'n' Wild Sydney development in the 2013 financial year.

Development costs included in corporate and other costs include costs associated with the Wet 'n' Wild Sydney and Wet 'n' Wild Las Vegas water parks and China theme parks projects. These net costs in total amounted to \$2.6 million for the year compared to \$3.0 million in the prior year.

Cost management continues to be a key area of attention, with significant reductions achieved in 2013 after previous reductions in 2012. We continue to invest in our core systems to enhance our internal

governance and controls, further utilise our customer data through optimisation of our in-house analytical capabilities, and ensure that our systems are scalable to support future growth.

VRL continues to operate its businesses in a responsible environmental and social manner whilst continuing to maximise long term shareholder value. The Company continues with its sustainability initiatives in its operating businesses and also remains a firm supporter of a number of charitable and community involvement endeavours. Summarised information and reporting on these matters is available on the Company's website at www.villageroadshow.com.au

THE YEAR AHEAD

The VRL group has again produced a solid operating result for the year ended 30 June 2013 with robust and durable earnings from its core businesses. The VRL Board is confident of the Company's future prospects. The 2013 result demonstrates the strength of VRL's businesses in challenging trading conditions and the success over recent years to restructure the group's debt and overhead position, and simplification of our businesses and structure.

The Company enjoys quality, stable cash flows from its established businesses which provide a robust platform from which to build further on VRL's existing well-known brands. The Directors are pleased to see the new Wet 'n' Wild Sydney water park nearing completion, which the Company believes will be a major success when it opens in December this year. In addition, we have continued to pursue growth opportunities in China and other parts of Asia.

People want entertainment, to be able to escape, and love to go out. We are servicing this very real tangible demand. Our cinemas are enjoying continuing success, significant investments in new attractions at our theme parks have been made in expectation of a return to more favourable 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 their 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 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 executive and team of people for their ongoing 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

Images from left - Wet 'n' Wild Aqualoop, The Hunger Games, Catching Fire, Warner Bros. Movie World, Batman Arkham Asylum

The VRL Board is confident of the Company's future prospects.

CORPORATE DIRECTORY

Contact Information

Principal Administrative Office and Registered Office

Village Roadshow Limited

Level 1, 500 Chapel Street
South Yarra Vic 3141
Australia
Ph: +613 9281 1000
Fax: +613 9660 1764

Home Exchange

Australian Securities Exchange

Level 4, North Tower, Rialto
525 Collins Street
Melbourne Vic 3000
Ph: 1300 300 279
Fax: 1300 300 021

Divisional Offices

Cinema Exhibition

Village Cinemas

c/- Level 1, 500 Chapel Street
South Yarra Vic 3141
Australia
Ph: +613 9281 1000
Fax: +613 9653 1993

Theme Parks

Village Roadshow Theme Parks

Pacific Motorway
Oxenford Qld 4210
Australia
Ph: +617 5573 3999
Fax: +617 5573 3666

Film Distribution

Roadshow Films

Level 1, 1 Garden Street
South Yarra Vic 3141
Australia
Ph: +613 9829 0666
Fax: +613 9653 1993

Film Production

Village Roadshow Entertainment Group

100N Crescent Drive
Suite 323
Beverly Hills CA 90210
United States
Ph: +1 310 385 4455
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

Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067 Australia
Ph: 1300 850 505 Fax: 03 9473 2500 within Australia,
Ph: +613 9615 5970 outside Australia

Website: www.computershare.com

Email: webenquiries@computershare.com.au



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