VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

17 February 2017

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

Announcement of Half-Year Results – December 2016

Half-year information given to ASX under Listing Rule 4.2A

Attached are the following documents for the Company's results for the half-year ended 31 December 2016:

- ASX Appendix 4D – Half-Year Report;
- ASX Release on Half-Year Report; and
- Half-Year Financial Report, including Directors' Report and Independent Review Report.

This information should be read in conjunction with the most recent Annual Report of the Company for the financial year ended 30 June 2016.

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054
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RULE 4.2A.3

APPENDIX 4D

Half-Year Report

Introduced 1/1/2003.

Name of entity:

VILLAGE ROADSHOW LIMITED

ABN:

43 010 672 054

1. Reporting period

Half-year ended ('reporting period'):

31 December 2016

Previous half-year ended ('previous corresponding period'):

31 December 2015

2. Results for announcement to the market

					$A'000
2.1	Revenues from continuing operations	Up	4%	to	542,521
2.2	Loss after tax from continuing operations	Up	102%	to	(5,694)
2.3	Net loss for the period attributable to members	Up	94%	to	(6,706)

Dividends (distributions)		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
2.4	Interim dividend declared – Ordinary shares	--	--	--
2.5	+Record date for determining entitlements to the dividend	N/A		

2.6 Brief explanation of any of the figures reported above:

Refer attached ASX Release on Half-Year Report for further details.

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$0.35	$0.45

4. Entities over which control has been gained or lost

Control gained over entities

4.1	Name of entity (or group of entities)	N/A
4.2	Date from which control was gained	
4.3	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the date control was gained to the end of the current period	
4.4	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period	

Loss of control of entities

4.5	Name of entity (or group of entities)	N/A
4.6	Date from which control was lost	
4.7	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the beginning of the current period to the date control was lost	
4.8	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period	

5. Dividends & Distributions

5.1 Dividends & Distributions paid - Current Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Final Dividend: (Paid October 2016)	Ordinary shares	14.0 cents	14.0 cents	Nil

5.2 Dividends & Distributions paid - Previous Corresponding Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Final Dividend: (Paid October 2015)	Ordinary shares	14.0 cents	14.0 cents	Nil

5. Dividends & Distributions (continued)

5.3 Total Dividends & Distributions paid

	Current period $A'000	Previous corresponding period $A'000
+Ordinary securities *(each class separately)*	22,556	22,433
Total	**22,556**	**22,433**

5.4 Dividends declared subsequent to half-year end – Current Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Interim dividend	Ordinary shares	--	--	--

5.5 Dividends declared subsequent to half-year end – Previous Corresponding Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Interim dividend (Paid April 2016)	Ordinary shares	14.0 cents	14.0 cents	Nil

6. Dividend reinvestment plans

Dividend reinvestment plans in operation	N/A
The last date(s) for receipt of election notices for participation in any +dividend reinvestment plans	N/A

7. Details of associates

Equity accounted associates	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) after tax	
Name of entity	Current period	Previous corresponding period	Current period A$'000	Previous corresponding period A$'000
Associates:				
Dartina Development Limited	50.00%	50.00%	4,707	5,704
Village Roadshow Entertainment Group Limited [1]	50.17%	50.17%	(5,929)	(19,843)
iPic-Gold Class Entertainment LLC [2]	30.00%	30.00%	(19,196)	--
VR iPic Finance LLC	42.86%	42.86%	--	--
FilmNation Entertainment LLC	31.03%	31.03%	913	1,175
Other [3]	N/A	N/A	--	--
Total			**(19,505)**	**(12,964)**
Other Material Interests			N/A	N/A
Total			**N/A**	**N/A**

7. Details of associates (continued)

Notes:

1. The VRL group is the largest shareholder in Village Roadshow Entertainment Group Limited ("VREG"), with 50.17% (2015: 50.17%) of the ordinary shares of VREG. VREG is classified as an associate for accounting purposes.

   The VREG Board is the ultimate decision-making body of VREG, however the provisions of the VREG Shareholders Agreement provide that most decisions regarding relevant activities of VREG are recommended to the Board by an advisory committee established under the Shareholders Agreement ("Advisory Committee"). The VRL group does not have control of either the VREG Board or Advisory Committee. Based on this, it has been determined that the VRL group does not control VREG in accordance with AASB 10: *Consolidated Financial Statements*, however the VRL group does have significant influence over VREG in accordance with AASB 128: *Investments in Associates and Joint Ventures*.

   Therefore, the investment in VREG is equity-accounted, and as a result of the significant negative net asset position of VREG, the carrying value of the net investment has been written down to nil due to the recognition of accumulated losses, so that the VRL group has no carrying value for accounting purposes. It is noted that VREG's film rights are recorded in its accounts (in non-current assets) at amortised cost, as required under IFRS, which is significantly less than the market value of these film rights.

   In September 2015, VREG completed new corporate debt facilities totalling USD 325 million, refinancing its existing corporate debt facility and providing additional working capital. Part of the USD 325 million VREG corporate debt refinancing was subordinated debt financing of USD 25 million, repayable by September 2021, with cash interest of 6% p.a., as well as non-cash interest of 9.5% p.a. payable upon repayment of the debt, plus an entitlement to further non-voting shares. The VRL group contributed USD 15 million (A$20.0 million) of the subordinated debt in September 2015, and as a result of VREG's significant negative net asset position, this additional net investment was immediately written off due to equity accounting requirements.

   As previously disclosed in the 30 June 2016 financial report, during the half-year ended 31 December 2016, the VRL group contributed an additional USD 5 million of subordinated debt funding to VREG. This additional net investment by the VRL group has also been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$6.6 million in the half-year ended 31 December 2016 (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report in the 31 December 2016 half-year financial report).

   As part of the VREG refinancing in September 2015, the VRL group's existing non-voting redeemable equity shares in VREG were modified, now accruing a 14% non-cash dividend, with redemption by March 2022. The non-voting redeemable equity is subordinated to VREG's securitised film financing, corporate debt and subordinated debt. All VREG debt is non-recourse to the VRL group.

   The VRL group results only include interest or dividends received in cash from VREG, and in the half-year ended to 31 December 2016, cash interest of A$0.7 million was received from VREG and included in equity-accounted results (2015: A$0.2 million), and no cash dividends were received in either the current or previous corresponding periods.

2. As previously disclosed in the 30 June 2016 financial report, in the half-year ended 31 December 2016, the VRL group contributed additional subordinated debt funding totalling USD 14.3 million to iPic-Gold Class Entertainment LLC ("IGCE"), which may be converted into equity. As a result of IGCE's negative net asset position, these additional net investment amounts have been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$19.2 million (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report in the 31 December 2016 half-year financial report).

3. In relation to 'other' associates referred to above, there have been no significant changes in the state of affairs during the period.

VILLAGE ROADSHOW

VRL – IN THE BUSINESS OF ENTERTAINMENT AND LEISURE

17 February 2017: Village Roadshow Limited (ASX:VRL) today announces its results for the six months to 31 December 2016 ("1H17").

KEY 1H17 RESULTS

- Attributable net loss $6.7 million (six months to 31 December 2015 ("1H16"): $3.5 million loss) after losses from material items after tax of $25.9 million (1H16: $25.5 million);
- Attributable net profit after tax before material items and discontinued operations ("NPAT") $19.2 million, (1H16: $22.0 million);
- Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations ("EBITDA") $78.4 million (1H16: $77.9 million) (refer Reconciliation of Results on pages 4 and 5 of the attached Half-Year Financial Report).

Investment in opportunities for future growth combined with the unforeseen decline in earnings has resulted in Net Debt/EBITDA of 3.27x at 31 December 2016. The Board considers this an unacceptable level of gearing and is focused on reducing this significantly. This includes a range of measures including the active pursuit of potential asset sales and the decision not to pay an interim dividend for FY17. The Board intends to reinstate the dividend as soon as it is deemed prudent.

Commenting on the result, VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr. Robert Kirby said:

"Despite a difficult start to the 2017 financial year, our greater vision and future prospects are exciting. The goals are clear. It is about providing the best experiences, selling tickets and containing costs. Our key focus is to reduce leverage in the short term."

VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr. Graham Burke said:

"We are in the business of Entertainment and Leisure. Simply stated - going out. Our attractions are exciting and fashionable, whether it be in theme parks or cinemas."

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DIVISIONAL REVIEW AND OUTLOOK

CINEMA EXHIBITION

VRL's Cinema Exhibition division operates predominantly in Australia, Singapore and the United States through partnerships/joint ventures, including with Event Hospitality & Entertainment in Australia, and other cinema operators internationally.

CINEMA EXHIBITION PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	Australia		Singapore		Other		Exhibition (Total)	
	1H17	1H16	1H17	1H16	1H17	1H16	1H17	1H16
EBITDA	29.1	33.2	4.7	5.7	(1.4)	(1.3)	32.4	37.6
EBIT	21.0	25.9	4.7	5.7	(1.7)	(1.5)	24.0	30.1
PBT	19.1	24.0	4.7	5.7	(2.1)	(1.5)	21.6	28.2

Note: Figures presented are VRL share, before Material Items.
Other includes Leisure, iPic and Belfast.

Cinema Exhibition Sites & Screen summary

Location	As at 30 Jun 16		Opened / (Closed/Sold)		As at 31 Dec 16	
	Sites	Screens	Sites	Screens	Sites	Screens
Australia	55	560	-	-	55	560
Singapore	11	91	-	-	11	91
USA	13	97	2	16	15	113
United Kingdom	1	12	-	-	1	12
Total	**80**	**760**	**2**	**16**	**82**	**776**

Note: Includes all screens in which VRL has an economic interest, taking no account of ownership structure. Does not reflect screen conversions completed throughout the period.

The Cinema Exhibition Division delivered a 1H17 EBITDA result of $32.4 million (1H16: $37.6 million). Increased average ticket price and spend per person in the Australian circuit partially offset the impact of slightly higher costs (largely associated with newly opened sites which are building momentum) and a sluggish Singapore economy.

Australian Cinema Exhibition

The Australian Cinema Exhibition business delivered an EBITDA of $29.1 million for the six months to 31 December 2016 – its second highest half year EBITDA on record. This is an excellent result given *The Force Awakens* delivered an Australian Box Office result of $94 million in the prior year, compared to *Rogue One: A Star Wars Story* at approximately $50 million as at 31 January 2017.

Further, this is a very pleasing result given the impact of a competitor site reopening at Chadstone, screen closures for refurbishments at Southland and Hobart[1] and slightly higher costs associated with newly opened sites which are building momentum. These effects were partially offset by increased average ticket price and spend per person as well as growth in sponsorship income.

It used to be Village "Cinemas", now changing the emphasis to Village "Entertainment". The Cinema Exhibition division has a clear strategy to position itself as a destination of choice through a diverse offering of exceptional experiences which are complemented by high standard traditional cinemas. These concepts appeal to specific market segments and give Village Cinemas a competitive advantage over other offerings in the market.

[1] Market share declined slightly from 46% in CY15 to 45% in CY16.Source: Rentrak.

Village Cinemas' targeted concepts include:

- **Gold Class** – a luxuriously intimate setting providing a first class quality experience of film, food, beverages and in-seat service throughout the film;
- **Vpremium** – the "business class" of cinema, with in-seat ordering during the pre-show, extra leg room and premium seating;
- **Vmax** – with supersized screens, Dolby Digital sound, first class stadium seating, extra leg room and wide armrests for an immersive cinema experience; and
- **VJunior** – Australia's first cinema for kids, designed by kids, with dedicated play areas, in-cinema slides as well as kid friendly seating and menu – this concept was introduced in 1H17 to an exceptional social media reaction, ranked number one for the top five kids titles in summer 2016/2017 and is Village Cinemas' highest occupancy concept with plans being developed for its further roll out.

The division also has a new intense concentration on food and beverage offerings. Premium bar concepts, Roc's Jam Factory and nineteenforty at Rivoli, add to the going out experience. Enhanced food and beverage offerings, such as gourmet popcorn, drive increased spend per person.

During 1H17 Village Cinemas also completed conversions of existing traditional cinemas:

- Hobart, Tasmania: one **Vmax** and two **Vpremium** auditoria; and
- Southland: two **Vpremium** and two **VJunior** auditoria.

In addition to the ongoing conversion of screens at key sites, the business has a number of new sites planned, in line with its strategy to expand into population growth corridors:

Location	Expected Opening	Total Screens	GOLD CLASS	Vmax	Vpremium	VJunior
Palmerston, Northern Territory	Mid 2017	6	-	2	-	-
Whitford, Western Australia	Mid 2017	8	2	2	-	-
Plenty Valley, Victoria	Mid 2018	9	3	2	2	2
Coomera, Queensland	Late 2018	8	2	2	-	-
Green Square, New South Wales	Late 2018	5	-	-	-	-
Innaloo, Western Australia	Late 2020	14	4	4	-	-

Singapore Cinema Exhibition

The Golden Village Cinema Circuit (50% owned by VRL) delivered an EBITDA of $4.7 million (share of associate's profits) for the six months to 31 December 2016 – a strong result as a sluggish economy saw Singapore's Box Office Industry decline over the six months to 31 December.

Despite these macroeconomic challenges, Golden Village market share increased to 45.2% in 1H17, an increase of 2.2% over 1H16. Average ticket price also increased, driven by premium ticket pricing on specialty content such as Hindi movies, Japanese animation and concerts. The eight screen site under development at the SingPost Centre at Paya Lebar is expected to open in 1Q18.

iPic Theaters USA

30% owned iPic Theaters ("iPic") in North America is trading to expectations. Prior to Christmas 2016, iPic opened two new sites, one at Fulton Market in Manhattan and the other in Fort Lee in New Jersey, and both are doing excellent business.

Recently iPic was successful in winning a landmark court decision on film clearances – this included yet to be resolved damages to iPic's account, removal of impediment to film supply and barriers against expansion.

CINEMA EXHIBITION - OUTLOOK

2H17 has started strongly with *Sing* and *Moana* (both carried over from Boxing Day 2016 opening). Highlights for the balance of the 2017 financial year include *Guardians of the Galaxy 2*, *The Fate of the Furious*, *Lego Batman* and *Beauty & The Beast.*

It is expected that Cinema Exhibition earnings will be biased toward the second half of the financial year. The division is expected to finish the FY17 year with EBITDA largely in line with FY16.

THEME PARKS

Village Roadshow Theme Parks ("VRTP") owns and operates Warner Bros. Movie World, Sea World, Wet'n'Wild Gold Coast, Paradise Country, Australian Outback Spectacular and Sea World Resort & Water Park on Queensland's Gold Coast, and Wet'n'Wild Sydney. VRTP also operates and has majority ownership in Wet'n'Wild Las Vegas. VRTP has a program of development including Topgolf in Australia and theme park opportunities in Asia, with the relevant development costs reflected in the segment result.

THEME PARKS PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	Gold Coast Theme Parks		Wet'n'Wild Sydney		Wet'n'Wild Las Vegas		Asia Theme Parks		Theme Parks (Total)	
	1H17	1H16	1H17	1H16	1H17	1H16	1H17	1H16	1H17	1H16
EBITDA	38.0	38.7	3.0	3.0	2.7	2.7	(1.0)	(2.4)	42.6	42.0
EBIT	17.2	17.8	(0.7)	(0.5)	1.8	1.9	(1.1)	(2.5)	17.3	16.7
PBT	12.1	12.1	(1.9)	(1.7)	1.2	1.2	(1.1)	(2.5)	10.3	9.1

Note: Figures presented are before Non-Controlling Interests relating to Wet'n'Wild Las Vegas, and before Material Items.

VRTP delivered a 1H17 EBITDA of $42.6 million, marginally up on the prior corresponding period's EBITDA of $42.0 million. The division had a positive start to the 2017 financial year. Unfortunately, VRTP's second quarter and consequently the 1H17 result, was significantly impacted by the tragedy which occurred at Dreamworld on 25 October 2016. The financial impact was largely offset by the usual recognition of deferred revenue.

Gold Coast Theme Parks

The impact of the Dreamworld tragedy is analogous to airline travel after a widely publicised disaster. Village Roadshow's Gold Coast theme park attendance (including Warner Bros. Movie World, Wet'n'Wild Gold Coast and Sea World) from 26 October 2016 to 7 February 2017 was down 8.4% on the prior corresponding period. The bulk of the decline was in the local Queensland market, with international and interstate attendance solid. Importantly, Dreamworld is of course not a VRL park. As concern ebbs, business will return to normal. People can get on VRL rides without anxiety, just as they would jump on a Qantas or Virgin flight. To accelerate the return to confidence, the upcoming promotional campaign will focus on "The **MAGIC** can be yours **NOW**".

VRTP continued to refresh the theme parks in 1H17. The groundbreaking virtual reality upgrade to *Arkham Asylum*, the *DC Villains* area and *Doomsday* ride were introduced successfully at **Warner Bros. Movie World** in September, enjoying positive guest feedback. The newly renovated Plaza area opened at **Sea World** in September, offering all-weather shelter for park guests and an enhanced food and retail program has reinvigorated that area of the park. A new **Australian Outback Spectacular** show featuring the 100th anniversary of the Lighthorse Charge opened in November 2016, and again, has been well received by the market.

At **Village Roadshow Studios,** the *Thor* production concluded in November, and will be followed by the DC Comics project, *Aquaman*. The production facilities will now be fully leased until the Commonwealth Games begin in 2018.

Work is underway to bring the first Topgolf to Australia at the Oxenford site in CY18, adjacent to Warner Bros. Movie World. Topgolf is a global leader in sports entertainment and has enjoyed enormous success. With over 20 sites opened in the USA so far, Topgolf has received outstanding paybacks. This project utilises some of the vacant land at Oxenford and diversifies VRTP's offering. The construction of another exciting new attraction at Warner Bros. Movie World has also commenced.

Wet'n'Wild Sydney

Wet'n'Wild Sydney opened its summer season on 24 September 2016 to solid attendance on warm weather days. The park introduced a number of enhanced guest experience initiatives, including a ride reservation system, additional shade and an enhanced food menu program. The park also introduced *Dinosaur Lagoon*, a themed animatronic exhibition. The guest experience initiatives and new attraction have been well received by guests. Events such as the Food Truck Festival and Halloween drew incremental attendance and are expected to develop into annual calendar staples.

Unfortunately, following the Dreamworld incident, Season Pass sales declined. Wet'n'Wild Sydney delivered a 1H17 EBITDA of $3.0 million, in line with 1H16.

Wet'n'Wild Las Vegas

Wet'n'Wild Las Vegas (50.09% owned by VRL) closed for the CY16 season in late September with an EBITDA result of A$2.7 million for the six months to 31 December 2016. The focus for this park will be on continued improvement of customer service to attract the local customer base.

China and South East Asia

VRTP is developing two major opportunities, with customary Asian long lead time. In addition to these projects, the six months to 31 December 2016 saw existing projects progress. Construction of the Mission Hills project continues and will bring China's first Wet'n'Wild branded theme park to Haikou on Hainan Island. VRTP is currently providing consultation for the park's development and will operate the park following its opening, expected in mid-2017.

The Lai Sun project for the development of the Lionsgate Entertainment World at Novotown on Hengqin Island also continues. This is an indoor experience centre, themed around some of Lionsgate's key franchises, such as *The Hunger Games* and *Twilight*. VRTP is currently providing consultation for the experience centre's development and will also manage its operations after opening, expected in late calendar year 2019.

THEME PARKS – OUTLOOK

It is expected that the division will deliver an FY17 EBITDA below the previous year. The extent of the decline will largely depend on June 2017 VIP pre-sales.

FILM DISTRIBUTION

VRL's Film Distribution division ("Roadshow") distributes theatrical film content to cinemas. It also has a substantial business in distributing film and TV programs to broadcasters, Subscription Video on Demand and Pay TV platforms, DVD and Digital retailers in Australia and New Zealand. The division has a 31% interest in FilmNation Entertainment LLC; a US based international film sales and production/distribution business and it has also recently formed Roadshow Rough Diamond to produce TV programs and feature films.

FILM DISTRIBUTION PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	1H17	1H16
EBITDA	10.8	14.8
EBIT	9.0	13.0
PBT	7.1	11.4

Note: Figures presented are VRL share, before Material Items.

The Film Distribution division ("Roadshow") delivered an EBITDA of $10.8 million (1H16: $14.8 million) after a challenging 1H17.

The Film Distribution business had a number of successful titles within its output agreements, including *Bad Moms, Suicide Squad, Fantastic Beasts and Where to Find Them, The Legend of Tarzan* and *Sully*. However, the underperformance of independently acquired titles *Deepwater Horizon* and *Red Dog: True Blue*, adversely impacted 1H17 earnings. *Red Dog: True Blue* was a disappointing result and became ticket choice number four for family audiences, behind *Rogue One: A Star Wars Story*, Sing and *Moana*.

The theatrical sector is shifting towards mega brands, necessitating a changed strategy. VRL is ensuring the division's future through a careful redirection, creating **THE NEW ROADSHOW:**

- **Traditional business:** Targeted film acquisitions and laser focused marketing.
- **Roadshow Television through Roadshow Rough Diamond:** Roadshow Rough Diamond was formed in June 2016 to focus on the production of quality TV drama and will leverage Roadshow's expertise in selling product. The company will create original long-form television for domestic and international audiences. The business is in the development phase for a number of series (no capital investment by VRL to fund production).
- **FilmNation:** *Arrival,* FilmNation's first production since VRL's investment was released in 1H17 and outperformed global box office expectations. FilmNation is continuing its production strategy, with a number of titles in post-production.
- **Australian Film Initiatives:** Roadshow Films is currently developing a portfolio of Australian feature films, for example Jan Sardi is developing a script for *The Bridge*. These projects are at different stages of development and the intention is for them to become a key part of the future slate.

FILM DISTRIBUTION - OUTLOOK

Roadshow's full year result will be dependent on the performance of films releasing in the second half and may lead to a further decline in earnings on the prior year.

MARKETING SOLUTIONS

VRL's Marketing Solutions division is a world leader of consumer incentive programs. Under the banner of Edge Loyalty in Australia and Opia in Europe, USA and Asia, the division helps some of the world's largest brands incentivise their customer base through proven and innovative promotions platforms and reward solutions.

MARKETING SOLUTIONS PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	1H17	1H16
EBITDA	7.4	1.6
EBIT	6.7	1.2
PBT	5.5	1.1

Note: Figures presented are before Non-Controlling Interests relating to Opia, and before Material Items.

The division delivered a 1H17 EBITDA of $7.4 million, substantially up from $1.6 million in the prior corresponding period which included very little earnings from Opia which was acquired in late 1H16.

The Marketing Solutions division has continued its program of integration between the Australian and UK businesses, leveraging the core skills and customer bases of Opia and Edge Loyalty throughout 1H17 (ongoing in 2H17). In addition to continued business with existing clients, the division has leveraged the benefits of the combined entity to diversify into new sectors including Consumer Electronics, Insurance and Banking in Australia and Cinema and DIY in Europe.

Edge Loyalty Australia

Edge Loyalty Australia generated a strong return in 1H17, exceeding expectations. This success was a result of Edge Loyalty's increasingly sophisticated promotional offering and a sharper focus on key accounts. Now engaging with clients at a more strategic level and with a broader suite of promotional solutions, Edge Loyalty has seen a sharp lift in like for like sales with key accounts. Timing of promotional activity is biased towards the first half of the financial year.

Industry sectors that have seen the strongest growth include: insurance, banking, FMCG and retail. Notable promotions with major clients delivered in the first half including Fujitsu, Barbeques Galore, Harvey Norman / Treasury Wines, Simply Energy, Suncorp and iSelect. Edge Loyalty continues to enjoy multi-year agreements with each of these clients.

Opia

Despite performing well in Europe, Opia's 1H17 result was impacted by Brexit, with a softening of market sentiment reducing promotional activity in the core UK market, and the devaluation of the UK Pound resulting in lower earnings reported in Australian dollars.

Notwithstanding the short term negative economic influences on the business, the fundamentals of the business are strong and Opia is beginning to see a recovery in promotional activity.

Opia's international expansion is well underway with the recent appointment of territory heads in USA and Asia. The international expansion is focused on Opia's existing long-term relationships with its blue-chip multinational customer base and replicating successful promotions in the USA and Asia.

FILM PRODUCTION

Village Roadshow Entertainment Group ("VREG") is an equity-accounted associate of VRL and consists of Village Roadshow Pictures ("VRP") and Village Roadshow Pictures Asia ("VRPA").

As at 31 December 2016, VREG had released a total of 95 films, including five titles released in 1H17: *Ghostbusters*, *Sully, The Magnificent Seven*, *Collateral Beauty* and *Passengers.*

VREG has a portfolio of upcoming motion pictures including:

- *Fist Fight* (Warner Bros./New Line) February 2017, starring Ice Cube, Charlie Day, Tracy Morgan and Christina Hendricks, directed by Richie Keen;
- *Going in Style* (Warner Bros./New Line) April 2017, starring Morgan Freeman, Michael Caine and Alan Arkin, directed by Zach Braff;
- *King Arthur: Legend of the Sword* (Warner Bros.) May 2017, starring Charlie Hunnam, Àstrid Bergès-Frisbey, Jude Law and Eric Bana, directed by Guy Ritchie;
- *The House* (Warner Bros./New Line) June 2017, starring Will Ferrell and Amy Poehler, directed by Andrew Jay Cohen; and
- *Ready Player One* (Warner Bros.) March 2018, starring Mark Rylance, Ben Mendelsohn and Simon Pegg, directed by Steven Spielberg.

VREG's Asian film production business, VRPA, is one of the most deeply embedded and prolific foreign players in China's booming local production market. With a portfolio approach and a focus on the development of franchises, VRPA's strategy mirrors that of VRP's.

VREG is currently in discussions regarding the restructuring of its corporate debt facility. While this is ongoing, VRL has agreed to a deferral of its cash interest payments from VREG.

CORPORATE & OTHER

CORPORATE & OTHER PERFORMANCE SUMMARY

Key Results ($m)	1H17	1H16
EBITDA - Corporate	(11.9)	(15.4)
EBITDA - Digital & IT Development	(2.8)	(2.7)
EBITDA - Corporate & Other	**(14.7)**	**(18.1)**
Depreciation & amortisation	(0.5)	(0.9)
Interest expense (net)	(2.2)	(2.1)
PBT	**(17.4)**	**(21.0)**

Note: Figures presented are before Material Items. Asia development costs have now been included in the Theme Parks division.

Total net Corporate & Other costs for the six months ended 31 December 2016 were $17.4 million, and EBITDA was a $14.7 million loss, compared to an $18.1 million EBITDA loss in the prior corresponding period.

Digital & IT Development

The investment in Digital & IT Development in 1H17 was $2.8 million, marginally up from $2.7 million in the prior corresponding period as the business continues to focus on investing in new IT infrastructure and technology which will support improved eCommerce capabilities, improve employee productivity and expand its Digital offering.

The Village Digital team is focused on the development of new products which have the potential to deliver new revenue streams for Village Roadshow.

Material Items

Material items loss after tax of $25.9 million in 1H17 mainly related to equity-accounted losses on net investments of $25.8 million, being the loss of $6.6 million in relation to the VREG subordinated loan of USD 5.0 million, and $19.2 million in relation to iPic contributions of USD 14.3 million, previously noted as subsequent events in the FY16 accounts.

DEBT

VRL has been investing in significant opportunities for future earnings growth. Following the unforeseen decline in earnings, which is not expected to continue, this has resulted in Net Debt/EBITDA of 3.27x at 31 December 2016. While VRL remains in compliance with its debt covenants, the Board considers this an unacceptable level of gearing and is focused on reducing this significantly.

As part of this gearing reduction strategy, VRL is actively pursuing potential asset sales. In addition, the business is undertaking a major review of costs and a program to reduce capex spending. The group's growth program has been re-evaluated and slowed. There will be no further investments in VREG and no interim FY17 dividend will be paid (refer below).

DIVIDENDS

VRL's Board is committed to shareholder returns, while maintaining the ability to invest in the business. Given the current leverage and substantial growth opportunities available, the Board has decided not to pay an interim FY17 dividend. This is a cautious short-term measure under the current conditions and the Directors intend to reinstate the dividend as soon as it is deemed prudent.

PIRACY

Piracy has been impacting VRL's Cinema Exhibition and particularly Film Distribution businesses. Using bipartisan legislation, access to The Pirate Bay website has been blocked resulting in a dramatic reduction in downloads from that site. In February, will initiate the blocking of a further 40 pirate sites, constituting approximately 90% of the flow.

Five point program:

1. Site blocking
2. Google take-downs and site ranking demotions
3. Major PR campaign
4. Availability of legal product
5. Suing infringers

Aiming for a similar outcome to Korea which saw an 89.8% decline in piracy[2].

[2] Korean Illegal Movie Market 2008 – 2016. Source: Copyright Protection Centre.

FURTHER INFORMATION:

Graham Burke
Co-Executive Chairman & Co-CEO
03 9829 0667

Julie Raffe
Finance Director
03 9667 6511

VILLAGE ROADSHOW 1H17 RESULTS TELECONFERENCE

17 FEBRUARY 2017 2:00 PM AEDT (NSW, VIC, TAS, ACT)

CONFERENCE ID: 957455

In order to pre-register for this conference and avoid a queue when calling, please follow the link below.
You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event.

http://villageroadshow.com.au/investors/corporate-diary/teleconferences

A copy of this release and the VRL 1H17 Results Presentation including additional conference call details are available at www.asx.com.au and www.villageroadshow.com.au

VILLAGE ROADSHOW LIMITED
ABN 43 010 672 054

CONDENSED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2016

Your Directors submit their report for the half-year ended 31 December 2016.

DIRECTORS
The names of the Directors of Village Roadshow Limited ("the Company" or "VRL") in office during the half-year and until the date of this report are:

Robert G. Kirby AO: B. Comm. – Co-Executive Chairman and Co-Chief Executive Officer
Graham W. Burke: – Co-Executive Chairman and Co-Chief Executive Officer
John R. Kirby AM: B. Ec., CPA – Deputy Chairman
Jennifer Fox Gambrell: MBA, DBA
David J. Evans
Robert Le Tet: B. Ec.
Timothy M. Antonie: B. Ec.
Julie E. Raffe (Alternate for Messrs. R.G. Kirby and G.W. Burke)

REVIEW AND RESULTS OF OPERATIONS
The Reconciliation of Results, which forms part of this Directors' Report, is set out on pages 4 and 5.

For continuing operations, total revenue for the Village Roadshow Limited group ("the Group", "VRL group" or "consolidated entity") was $542.5 million for the current period compared to $523.6 million for the previous corresponding period, total expenses excluding finance costs were $522.1 million (2015: $502.1 million), and finance costs were $15.7 million (2015: $19.0 million). Loss from continuing operations after tax was $5.7 million, compared to a loss from continuing operations after tax of $2.8 million for the previous corresponding period.

There were no results from discontinued operations in the current or previous corresponding periods. Material items in the current period totalled a loss after tax of $25.9 million, which mainly related to equity-accounted losses on net investments totalling $25.8 million (as previously disclosed in the 30 June 2016 financial report - refer also to Note 9 in the half-year financial report), compared to a loss after tax of $25.5 million in the prior period. The attributable net profit excluding material items of income and expense for the period was $19.2 million (2015: $22.0 million).

A fully-franked final dividend of 14.0 cents per ordinary share, totalling $22.6 million, was paid in October 2016. No interim dividend has been declared, and in the prior period, a fully-franked interim dividend of 14.0 cents per share was paid in April 2016.

Total assets of the Group increased by $21.7 million to $1,577.4 million compared to 30 June 2016, and total liabilities of the Group increased by $45.0 million to $1,120.3 million compared to 30 June 2016. Total equity reduced by $23.2 million compared to 30 June 2016, which was mainly due to a reduction in retained earnings of $29.3 million partly offset by increases in reserves of $4.1 million and non-controlling interests of $1.0 million. The reduction in retained earnings related to the attributable loss of $6.7 million in the current period and the final dividend paid of $22.6 million.

Basic loss per share was 4.2 cents (2015: 2.2 cents), and diluted loss per share was 4.2 cents (2015: 2.2 cents). Diluted earnings per share before material items and discontinued operations were 11.9 cents (2015: 13.6 cents), based on a weighted average total of 162,157,994 ordinary shares (2015: 162,234,721 ordinary shares).

Net cash flows from operating activities totalled $64.4 million for the current period compared to $40.9 million for the previous corresponding period, net cash flows used in investing activities totalled $60.1 million (2015: $101.3 million), and net cash flows from financing activities totalled $16.9 million (2015: $73.7 million).

ROUNDING
The amounts contained in this report and in the half-year financial report have been rounded where applicable to the nearest thousand dollars (unless stated otherwise) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

AUDITOR INDEPENDENCE
The Auditor's Independence Declaration to the Directors of Village Roadshow Limited, which forms part of this Directors' Report, is set out on page 6.

Signed in accordance with a resolution of the directors at Melbourne this 17th day of February 2017.

G.W. Burke
Director

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
(i) Reconciliation of results:												
Continuing Operations:												
Earnings before Interest, Tax, Depreciation and Amortisation, excluding material items of income and expense ("EBITDA")	**42,599**	**42,040**	**32,361**	**37,584**	**10,792**	**14,807**	**7,360**	**1,575**	**(14,733)**	**(18,146)**	**78,379**	**77,860**
Depreciation and amortisation	(25,338)	(25,386)	(8,336)	(7,473)	(1,781)	(1,791)	(629)	(411)	(486)	(816)	(36,570)	(35,877)
Finance costs before finance restructuring costs	(6,988)	(7,634)	(2,441)	(2,026)	(2,180)	(2,101)	(1,243)	(56)	(2,872)	(2,956)	(15,724)	(14,773)
Interest income	22	80	60	158	246	457	--	2	657	877	985	1,574
Operating profit (loss) before tax and material items of income and expense ("PBT")	**10,295**	**9,100**	**21,644**	**28,243**	**7,077**	**11,372**	**5,488**	**1,110**	**(17,434)**	**(21,041)**	**27,070**	**28,784**
Income tax (expense) benefit, excluding material items	(3,264)	(2,599)	(5,391)	(6,882)	(1,945)	(3,272)	(1,370)	(152)	5,150	6,769	(6,820)	(6,136)
Operating profit (loss) after tax, before material items of income and expense	**7,031**	**6,501**	**16,253**	**21,361**	**5,132**	**8,100**	**4,118**	**958**	**(12,284)**	**(14,272)**	**20,250**	**22,648**
Non-controlling interests	(596)	(586)	--	--	--	--	(416)	(59)	--	--	(1,012)	(645)
Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")	**6,435**	**5,915**	**16,253**	**21,361**	**5,132**	**8,100**	**3,702**	**899**	**(12,284)**	**(14,272)**	**19,238**	**22,003**
Material items of income and expense before tax	--	(2,034)	(19,316)	(606)	--	(645)	--	(1,293)	(6,628)	(21,004)	(25,944)	(25,582)
Income tax benefit (expense) – material items	--	610	--	182	--	(963)	--	--	--	287	--	116
Material items of income and expense after tax	--	(1,424)	(19,316)	(424)	--	(1,608)	--	(1,293)	(6,628)	(20,717)	(25,944)	(25,466)
Total profit (loss) before tax from continuing operations	10,295	7,066	2,328	27,637	7,077	10,727	5,488	(183)	(24,062)	(42,045)	1,126	3,202
Total income tax (expense) benefit from continuing operations	(3,264)	(1,989)	(5,391)	(6,700)	(1,945)	(4,235)	(1,370)	(152)	5,150	7,056	(6,820)	(6,020)
Total non-controlling interests	(596)	(586)	--	--	--	--	(416)	(59)	--	--	(1,012)	(645)
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	**6,435**	**4,491**	**(3,063)**	**20,937**	**5,132**	**6,492**	**3,702**	**(394)**	**(18,912)**	**(34,989)**	**(6,706)**	**(3,463)**
Discontinued Operations:												
Attributable profit after tax from discontinued operations											--	--
Net loss attributable to the members of Village Roadshow Limited											**(6,706)**	**(3,463)**

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (Continued)

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
(ii) Material items of income and expense from continuing operations:												
Equity-accounted losses on net investments (refer note 2(b))	--	--	(19,196)	--	--	--	--	--	(6,628)	(20,046)	(25,824)	(20,046)
Impairment and other non-cash adjustments	--	--	(120)	--	--	--	--	--	--	--	(120)	--
Restructuring costs (refer note 2(a))	--	(2,034)	--	(606)	--	(645)	--	(1,293)	--	(958)	--	(5,536)
Total loss from material items of income and expense before tax	--	(2,034)	(19,316)	(606)	--	(645)	--	(1,293)	(6,628)	(21,004)	(25,944)	(25,582)
Income tax benefit (expense) – material items	--	610	--	182	--	(963)	--	--	--	287	--	116
Total attributable loss from material items of income and expense after tax	--	(1,424)	(19,316)	(424)	--	(1,608)	--	(1,293)	(6,628)	(20,717)	(25,944)	(25,466)
(iii) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:												
Basic EPS											11.9c	13.7c
Diluted EPS											11.9c	13.6c

Notes:
1. Asia Development Costs have now been included in the Theme Parks segment (previously included in Other). Comparative figures have been adjusted accordingly.

2. The VRL group results are prepared under Australian Accounting Standards, and also comply with International Financial Reporting Standards ("IFRS"). The Reconciliation of Results includes certain non-IFRS measures including EBITDA and operating profit excluding material items of income and expense and discontinued operations. These measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review, however all items used to calculate these non-IFRS measures have been derived from information used in the preparation of the reviewed financial statements.

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Building a better working world

Auditor's Independence Declaration to the Directors of Village Roadshow Limited

As lead auditor for the review of Village Roadshow Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Village Roadshow Limited and the entities it controlled during the financial period.

Ernst & Young

David Shewring
Partner
Melbourne
17 February 2017

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000
Continuing operations			
Income			
Revenues		542,521	523,577
Other income		15,886	13,753
Expenses excluding finance costs		(522,052)	(502,148)
Finance costs	(2(a))	(15,724)	(19,016)
Share of net losses of equity-accounted investments	(2(b))	(19,505)	(12,964)
Profit from continuing operations before income tax expense		1,126	3,202
Income tax expense		(6,820)	(6,020)
Loss after tax from continuing operations		(5,694)	(2,818)
Discontinued operations			
Profit after tax from discontinued operations		--	--
NET LOSS FOR THE PERIOD		(5,694)	(2,818)
Loss for the period is attributable to:			
Non-controlling interests		1,012	645
Owners of the parent		(6,706)	(3,463)
		(5,694)	(2,818)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		1,104	(1,067)
Foreign currency translation		1,471	(41)
Other comprehensive income (expense) for the period after tax		2,575	(1,108)
Total comprehensive expense for the period		(3,119)	(3,926)
Total comprehensive expense for the period is attributable to:			
Non-controlling interests		1,012	645
Owners of the parent		(4,131)	(4,571)
		(3,119)	(3,926)
Loss per share (cents per share)			
For loss for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic loss per share		(4.2)c	(2.2)c
Diluted loss per share		(4.2)c	(2.2)c
For loss from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic loss per share		(4.2)c	(2.2)c
Diluted loss per share		(4.2)c	(2.2)c

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Consolidated 31 December 2016 $'000	Consolidated 30 June 2016 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	85,547	64,338
Trade and other receivables	175,919	158,876
Inventories	26,313	24,929
Current tax assets	9,626	6,456
Film distribution royalties	53,637	75,546
Derivatives	1,283	1,260
Other	18,112	12,131
Total Current Assets	370,437	343,536
Non-Current Assets		
Trade and other receivables	16,067	15,254
Goodwill and other intangible assets	384,743	389,024
Investments – equity-accounted	37,095	48,305
Available-for-sale investments	535	720
Property, plant & equipment	690,396	686,819
Deferred tax assets	2,521	2,508
Film distribution royalties	71,839	69,039
Other	3,785	471
Total Non-Current Assets	1,206,981	1,212,140
Total Assets	**1,577,418**	**1,555,676**
LIABILITIES		
Current Liabilities		
Trade and other payables	270,469	258,697
Interest bearing loans and borrowings	1,109	1,115
Income tax payable	122	187
Provisions	40,576	40,690
Derivatives	5,040	5,532
Unearned revenue	57,931	60,360
Other	14	--
Total Current Liabilities	375,261	366,581
Non-Current Liabilities		
Trade and other payables	43,731	47,036
Interest bearing loans and borrowings	638,226	597,942
Deferred tax liabilities	41,630	40,736
Provisions	9,023	8,724
Derivatives	12	1,076
Unearned revenue	12,411	13,222
Total Non-Current Liabilities	745,033	708,736
Total Liabilities	**1,120,294**	**1,075,317**
Net Assets	**457,124**	**480,359**
EQUITY		
Equity attributable to equity holders of the parent:		
Contributed equity	225,109	224,234
Reserves	85,679	81,539
Retained earnings	130,302	159,564
Parent interests	441,090	465,337
Non-controlling interests	16,034	15,022
Total Equity	**457,124**	**480,359**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		580,356	566,258
Payments to suppliers and employees		(512,579)	(503,156)
Dividends and distributions received		16,991	2,752
Interest and other items of similar nature received		1,692	1,782
Finance costs		(14,833)	(13,711)
Income taxes paid		(7,202)	(13,022)
Net cash flows from operating activities		64,425	40,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(40,926)	(38,901)
Purchases of software and other intangibles		(5,836)	(3,799)
Proceeds from sale of property, plant & equipment		6,772	85
Purchase of investments/businesses		(1,019)	(51,835)
Proceeds from sale of investments/businesses		--	1,541
Government grants received		--	7,000
Loans from (or repaid by) other entities		6,686	4,699
Loans to (or repaid to) other entities	(2(b))	(25,824)	(20,046)
Net cash flows used in investing activities		(60,147)	(101,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		75	76
Proceeds from borrowings		50,000	111,850
Repayment of borrowings		(10,574)	(15,832)
Dividends and distributions paid		(22,556)	(22,433)
Net cash flows from financing activities		16,945	73,661
Net increase in cash and cash equivalents		21,223	13,308
Cash and cash equivalents at beginning of period		64,338	95,335
Effects of exchange rate changes on cash		(14)	51
Total cash and cash equivalents at end of period	(3)	85,547	108,694

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
CONSOLIDATED	ISSUED CAPITAL $ '000	RETAINED EARNINGS $ '000	OTHER RESERVES $ '000	$ '000	$ '000
Balances as at 1 July 2016	224,234	159,564	81,539	15,022	480,359
(Loss) profit for the period	--	(6,706)	--	1,012	(5,694)
Other comprehensive income	--	--	2,575	--	2,575
Total comprehensive (expense) income for the period	--	(6,706)	2,575	1,012	(3,119)
Share-based payment movements	800	--	7	--	807
Issue of shares under Directors' share plan from Directors' fees	75	--	--	--	75
Equity dividends	--	(22,556)	--	--	(22,556)
Controlled entity acquisition reserve movements	--	--	1,558	(416)	1,142
Other changes in equity	--	--	--	416	416
Balances as at 31 December 2016	225,109	130,302	85,679	16,034	457,124

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
	ISSUED CAPITAL	RETAINED EARNINGS	OTHER RESERVES		
CONSOLIDATED	$ '000	$ '000	$ '000	$ '000	$ '000
Balances as at 1 July 2015	220,406	188,887	102,099	14,251	525,643
(Loss) profit for the period	--	(3,463)	--	645	(2,818)
Other comprehensive expense	--	--	(1,108)	--	(1,108)
Total comprehensive (expense) income for the period	--	(3,463)	(1,108)	645	(3,926)
Share-based payment movements	755	--	284	--	1,039
Issue of shares under Directors' share plan from Directors' fees	76	--	--	--	76
Equity dividends	--	(22,433)	--	--	(22,433)
Controlled entity acquisition reserve from business combination	--	--	(19,888)	(59)	(19,947)
Other changes in equity	--	--	621	719	1,340
Balances as at 31 December 2015	221,237	162,991	82,008	15,556	481,792

1. Basis of Preparation and Accounting Policies

(a) Basis of Preparation

The condensed half-year financial report is a general-purpose financial report, which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered together with any public announcements made by Village Roadshow Limited ("the Company" or "VRL") up to the date of this report in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

Apart from the changes in accounting policies, standards and interpretations as noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The presentation and classification of comparative items in the half-year financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Village Roadshow Limited and its subsidiaries ("the Group", "VRL group" or "consolidated entity") for the half-year ended 31 December 2016.

(c) Changes in Accounting Policies, Standards and Interpretations

The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016, except for the adoption of new standards and interpretations as of 1 July 2016 as noted below:

- AASB 1057: *Application of Australian Accounting Standards;*
- AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;*
- AASB 2014-4: *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;*
- AASB 2015-1: *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;*
- AASB 2015-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101;*
- AASB 2015-9: *Amendments to Australian Accounting Standards – Scope and Application Paragraphs.*

Adoption of these policies, standards and interpretations did not have any material impact on the financial position or performance of the Group.

	Consolidated 2016 $'000	Consolidated 2015 $'000
2. Income and Expenses		
(a) Finance Costs – Continuing Operations		
Total finance costs before finance restructuring costs	15,724	14,773
Finance restructuring costs (included in material items of income and expense in Reconciliation of Results contained in Directors' Report)	--	4,243
Total finance costs	15,724	19,016
(b) Share of Net Losses of Equity-Accounted Investments		
Total share of net profits before equity-accounted losses on net investments	6,319	7,082
Equity-accounted losses on net investments (included in material items of income and expense in Reconciliation of Results contained in Directors' Report) – refer Note 9	(25,824)	(20,046)
Total share of net losses of equity-accounted investments	(19,505)	(12,964)
3. Cash and Cash Equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash on hand and at bank	38,419	63,199
Deposits at call	47,128	45,495
Total cash and cash equivalents	85,547	108,694

4. Major Changes in Debt and Equity Securities

There have been no major changes to debt and equity securities of the Group during the half-year ended 31 December 2016.

5. Changes to Composition of Entity

There were no changes in composition of the VRL group which had a material impact during the half-year ended 31 December 2016.

6. Related Party Transactions

Related party transactions are not materially different from those disclosed in the 30 June 2016 Financial Report, but the key amounts in relation to associated entities were film hire and other film expenses paid by the VRL group, to entities in the Village Roadshow Entertainment Group Limited group of $15.1 million (2015: $13.2 million), and to FilmNation Entertainment LLC of $1.6 million (2015: $1.7 million).

	Consolidated 2016 $'000	Consolidated 2015 $'000
7. Dividends & Distributions		
(a) Declared and paid during the half-year		
Final dividend on ordinary shares of 14.0 cents per share fully-franked (2015: 14.0 cents per share fully-franked)	22,556	22,433
(b) Declared subsequent to half-year end		
Interim dividend on ordinary shares of nil cents per share (2015: 14.0 cents per share fully-franked)	--	22,553

8. Contingencies

(a) Contingent Liabilities

Contingent liabilities are not materially different from those disclosed in the 30 June 2016 financial report, but the key matters are noted as follows:

(i) Tax Audit by Australian Taxation Office:

As disclosed in Note 22(a)(iv) in the 30 June 2016 financial report, following a Client Risk Review, the Australian Taxation Office ("ATO") advised in July 2016 that a Tax Audit was to be carried out in relation to the VRL Tax Consolidated group, covering the financial years from 2012 to 2015.

VRL has provided information as previously requested by the ATO, and the ATO has recently requested further information. VRL does not currently believe that any material impact will result from the Tax Audit.

(ii) Belfast rent dispute:

As disclosed in Note 22(a)(v) in the 30 June 2016 financial report, Village Theatres 3 Limited ("VT3"), a wholly-owned subsidiary in the VRL group, is continuing to take action against its landlord seeking damages. The landlord is also seeking payment of unpaid rent, which has been fully accrued in VT3's accounts as at 31 December 2016.

(iii) Guarantee issued in relation to Associate:

As disclosed in Note 22(a)(vi) in the 30 June 2016 financial report, VRL has procured a bank guarantee to support the financing of an associated entity, VR iPic Finance LLC ("VRIF"), in which the VRL group has a 42.86% (3/7th) interest. VRIF has obtained debt financing to contribute funds to iPic-Gold Class Entertainment LLC ("IGCE"), which is also an associated entity of VRL. Another shareholder of IGCE is also providing guarantee support to VRIF. VRL's guarantee exposure in relation to VRIF is USD 24.2 million.

(b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2016 financial report.

9. Investments – Equity-Accounted

(a) Village Roadshow Entertainment Group Limited ("VREG")

The VRL group is the largest shareholder in VREG, with 50.17% (2015: 50.17%) of the ordinary shares of VREG. VREG is classified as an associate for accounting purposes.

The VREG Board is the ultimate decision-making body of VREG, however the provisions of the VREG Shareholders Agreement provide that most decisions regarding relevant activities of VREG are recommended to the Board by an advisory committee established under the Shareholders Agreement ("Advisory Committee"). The VRL group does not have control of either the VREG Board or Advisory Committee. Based on this, it has been determined that the VRL group does not control VREG in accordance with AASB 10: *Consolidated Financial Statements*, however the VRL group does have significant influence over VREG in accordance with AASB 128: *Investments in Associates and Joint Ventures*.

Therefore, the investment in VREG is equity-accounted, and as a result of the significant negative net asset position of VREG, the carrying value of the net investment has been written down to nil due to the recognition of accumulated losses, so that the VRL group has no carrying value for accounting purposes. It is noted that VREG's film rights are recorded in its accounts (in non-current assets) at amortised cost, as required under IFRS, which is significantly less than the market value of these film rights.

In September 2015, VREG completed new corporate debt facilities totalling USD 325 million, refinancing its existing corporate debt facility and providing additional working capital. Part of the USD 325 million VREG corporate debt refinancing was subordinated debt financing of USD 25 million, repayable by September 2021, with cash interest of 6% p.a., as well as non-cash interest of 9.5% p.a. payable upon repayment of the debt, plus an entitlement to further non-voting shares. The VRL group contributed USD 15 million (A$20.0 million) of the subordinated debt in September 2015, and as a result of VREG's significant negative net asset position, this additional net investment was immediately written off due to equity accounting requirements.

As previously disclosed in the 30 June 2016 financial report, during the half-year ended 31 December 2016, the VRL group contributed an additional USD 5 million of subordinated debt funding to VREG. This additional net investment by the VRL group has also been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$6.6 million in the half-year ended 31 December 2016 (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report).

As part of the VREG refinancing in September 2015, the VRL group's existing non-voting redeemable equity shares in VREG were modified, now accruing a 14% non-cash dividend, with redemption by March 2022. The non-voting redeemable equity is subordinated to VREG's securitised film financing, corporate debt and subordinated debt. All VREG debt is non-recourse to the VRL group.

The VRL group results only include interest or dividends received in cash from VREG, and in the half-year ended to 31 December 2016, cash interest of A$0.7 million was received from VREG and included in equity-accounted results (2015: A$0.2 million), and no cash dividends were received in either the current or previous corresponding periods.

(b) iPic-Gold Class Entertainment LLC ("IGCE")

As previously disclosed in the 30 June 2016 financial report, in the half-year ended 31 December 2016, the VRL group contributed additional subordinated debt funding totalling USD 14.3 million to IGCE, which may be converted into equity. As a result of IGCE's negative net asset position, these additional net investment amounts have been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$19.2 million (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report).

10. Events After the End of the Reporting Period

There have been no material transactions which significantly affect the financial or operational position of the VRL group since the end of the half-year.

11. Financial Risk Management – Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Total carrying amount as per Consolidated Statement of Financial Position 31 December 2016 $'000	Aggregate Net Fair Value 31 December 2016 $'000
Financial assets:		
Cash	85,547	85,547
Trade and other receivables	191,986	191,986
Available-for-sale investments	535	535
Derivatives	1,283	1,283
Total financial assets	279,351	279,351
Financial liabilities:		
Trade and other payables	314,200	314,200
Interest bearing loans and borrowings	639,335	630,479
Derivatives	5,052	5,052
Total financial liabilities	958,587	949,731

The methods and assumptions used to determine the fair values of financial assets and liabilities are the same as those used in the most recent annual financial report.

The Group uses the following methods in calculating or estimating the fair value of a financial instrument:
- Level 1: Fair value is calculated using quoted prices in active markets.
- Level 2: Fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the financial instruments, as well as the methods used to estimate the fair value, are summarised in the table below.

	Valuation technique – market observable inputs (Level 2) 31 December 2016 $'000	Valuation technique – non market observable inputs (Level 3) 31 December 2016 $'000	Total 31 December 2016 $'000
Financial assets:			
Derivatives	1,283	--	1,283
Total financial assets	1,283	--	1,283
Financial liabilities			
Interest bearing loans and borrowings	630,479	--	630,479
Trade and other payables	--	14,091	14,091
Derivatives	5,052	--	5,052
Total financial liabilities	635,531	14,091	649,622

12. Segment Reporting

Asia Development Costs have now been included in the Theme Parks segment (previously included in Other). Comparative figures have been adjusted accordingly.

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Reporting by Operating Segments – Continuing Operations:												
Segment revenue – services	108,867	107,737	107,262	107,258	117,280	96,523	29,857	10,639	--	--	363,266	322,157
Segment revenue – goods	60,039	62,138	42,819	41,230	87,450	105,037	--	--	--	--	190,308	208,405
Total segment revenue	168,906	169,875	150,081	148,488	204,730	201,560	29,857	10,639	--	--	553,574	530,562
Plus: Non-segment revenue	--	--	--	--	--	--	--	--	1,120	2,528	1,120	2,528
Less: Inter-segment revenue	(20)	(589)	--	--	(11,817)	(8,677)	(336)	(247)	--	--	(12,173)	(9,513)
Total Revenue											**542,521**	**523,577**
Segment results before tax	10,295	9,100	21,644	28,243	7,077	11,372	5,488	1,110	--	--	44,504	49,825
Non-segment result (Corporate) before tax	--	--	--	--	--	--	--	--	(17,434)	(21,041)	(17,434)	(21,041)
Operating profit (loss) before tax – segment purposes	**10,295**	**9,100**	**21,644**	**28,243**	**7,077**	**11,372**	**5,488**	**1,110**	**(17,434)**	**(21,041)**	**27,070**	**28,784**
Equity-accounted losses on net investments											(25,824)	(20,046)
Impairment and other non-cash adjustments											(120)	--
Restructuring costs											--	(5,536)
Operating profit before tax											**1,126**	**3,202**
Income tax expense											(6,820)	(6,020)
Non-controlling interests											(1,012)	(645)
Total attributable loss after tax from continuing operations per the statement of comprehensive income											**(6,706)**	**(3,463)**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' DECLARATION
31 DECEMBER 2016

In accordance with a resolution of the Directors of Village Roadshow Limited, I state that:

In the opinion of the Directors -

a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   i) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and

   ii) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

G.W. Burke
Director

Melbourne, 17 February 2017

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To the members of Village Roadshow Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Village Roadshow Limited, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Village Roadshow Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Village Roadshow Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

David Shewring
Partner
Melbourne
17 February 2017