VILLAGE ROADSHOW LIMITED

ABN 43 010 672 054

FINANCIAL REPORT

30 JUNE 2019

(INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES)

ASX CODE: VRL

VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

29 August 2019

RULE 4.3A

APPENDIX 4E - Preliminary Final Report

Introduced 1/1/2003. Origin: Appendix 4B

Name of entity

VILLAGE ROADSHOW LIMITED

ABN of entity

43 010 672 054

Financial year ended ('reporting period'):	Previous financial year ended ('previous corresponding period')
30 June 2019	**30 June 2018**

Results for announcement to the market

				$A'000
Income from continuing operations	Down	12.7%	to	1,001,282
Loss after tax from continuing operations	Up	N/A	to	(9,580)
Net loss attributable to members of Village Roadshow Limited	Up	N/A	to	(6,575)

Dividends (distributions)		Amount per security	Franked amount per security	Conduit foreign income per security
Reporting Period:				
- Final dividend	*- Ords*	5.0 cents	5.0 cents	--
(To be paid 11 October 2019)				
- Interim dividend*)*	*- Ords*	--	--	--
Previous Corresponding Period:				
- Final dividend	*- Ords*	--	--	--
- Interim dividend	*- Ords*	--	--	--

+Record date for determining entitlements to the dividend	16 September 2019
Brief explanation of any of the figures reported above:	Refer attached commentary.

Net Tangible Asset backing

		Current period A$	Previous corresponding period A$
1.1	Net tangible asset backing per +ordinary security	0.96	0.80

Control gained over entities having material effect

2.1	Name of entity (or group of entities)	N/A
2.2	Consolidated profit (loss) from continuing operations after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	
2.2	Date from which such profit has been calculated	
2.1	Profit (loss) from continuing operations after tax of the entity (or group of entities) for the whole of the previous corresponding period	

Loss of control of entities having material effect

3.1	Name of entity (or group of entities)	Wet'n'Wild Sydney Pty. Ltd.
3.2	Date from which control was lost	3 October 2018
3.3	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	**$A'000** ($445)
3.4	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	($37,367)

Dividends & Distributions

4.1	Date the dividend is payable	11 October 2019
4.2	+Record date to determine entitlements to the dividend (i.e., on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	16 September 2019
4.3	Has the dividend been declared?	Yes

Total Dividend & Distribution per security

		Current year	Previous year
4.4	+Ordinary securities *(declared in relation to the relevant year)*	5.0 cents	--

Dividends & Distributions paid/payable on all securities

		Current period $A'000	Previous corresponding Period $A'000
4.9	+Ordinary securities *(each class separately)*	--	--
4.10	**Total** *(declared during the relevant year)*	**--**	**--**

The +dividend or distribution plans shown are in operation	N/A
The last date(s) for receipt of election notices for the +dividend or distribution plans	N/A
Any other disclosures in relation to dividends (distributions)	N/A

Annual meeting

The annual meeting will be held as follows:

Place	Jam Factory Cinemas, 500 Chapel Street, South Yarra, VIC, 3141
Date	1 November 2019
Time	9:00 am
Approximate date the +annual report will be available	30 September 2019

Compliance statement

1 This report has been prepared in accordance with AASB standards, other AASB authoritative / pronouncements and Standing Interpretations Committee Interpretations or other standards acceptable to ASX.

Identify other standards used	N/A

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies (Tick one)

✓	The +accounts have been audited.	☐	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have not yet been audited or reviewed.

5 The entity has a formally constituted audit committee.

Sign here: _____
(Company Secretary)

Print name: SIMON PHILLIPSON

Date: 29 August 2019

VILLAGE ROADSHOW

VRL RECOVERY CONTINUES

DRIVEN BY THE DELIVERY OF OUTSTANDING CUSTOMER EXPERIENCES

29 August 2019: Village Roadshow Limited (ASX:VRL) today announces its results for the year ended 30 June 2019 ("FY2019").

KEY FY2019 RESULTS

12 months ended 30 June	FY2019	FY2018
Attributable net (loss)/profit after tax[1]	(6.6)	0.2
NPAT excluding material items[2]	20.6	(7.3)
PBT excluding material items[3]	26.0	(9.2)
EBITDA[4]	124.9	90.9
Operating cash flow[5]	82.4	21.4
Net debt/EBITDA ratio	1.76x	3.73x

FY2019 HIGHLIGHTS

- VRL group EBITDA $124.9 million, up 37% on prior year
- Substantial improvement in operating cash flow
- Theme Parks' EBITDA up 100% on FY2018 following continued success of ticketing strategy, coupled with good weather
- Cost reduction program implemented in FY2019, will deliver annualised savings in excess of $10 million across the VRL group
- Strong balance sheet with leverage reduced to 1.76x
- Sale of Edge to Blackhawk Network (Australia) agreed
- Commitment to enhancing shareholder returns - fully-franked final FY2019 dividend of 5 cents per share declared

KEY COMMENTARY – THE EXPERIENCE ECONOMY

VRL's recovery has continued in FY2019 as the divisions focus on their core business. There is a worldwide phenomenon of people increasingly seeking 'experiences' more than 'things', which plays to the strength of VRL's expertise and portfolio of assets.

Village Roadshow Theme Parks are reaping the rewards of an ongoing four-part winning strategy implemented over the last two years focused on differentiating VRTP's exceptional theme park offering;

1. **High-Yield Ticket strategy** - Guests will pay for high-quality experiences. Ticket yields up 25% in FY2019 and cash ticket sales very strong.
2. **Dynamic marketing** - Reinvigorating the fashion of visiting theme parks. VRL activated the teen market through a high-energy, *DC Rivals HyperCoaster*-led

[1]Attributable net (loss)/profit after tax to the members of VRL (including material items and discontinued operations).
[2]Attributable net profit/(loss) after tax before material items and discontinued operations.
[3]Profit/(loss) before tax, excluding material items and discontinued operations, also referred to as "Operating Profit".
[4]Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations (refer Reconciliation of Results on pages 12 and 13 of the attached Financial Report).
[5]Includes the cash impact of material items, $6.9 million cash outflow in FY2019 and $7.6 million cash outflow in FY2018.

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villageroadshow.com.au

commercial, and the family market with Queensland's favourite daughter Sally Pearson. In September, a new campaign will launch, selling the entire suite of attractions under the Village Roadshow Theme Park umbrella of brands;

3. **Smart capital expenditure** – High-impact attractions including *Aquaman - The Exhibition*, the reimagined *Scooby Doo Next Generation Spooky Coaster*, *Sea Jellies Illuminated*, new *Batmobile*, *Cyborg*, *Australian Outback Spectacular: Heartland*, *Skyflyer*, *Thunder Lake Stunt Show* and *Shaun the Sheep* ensure there is "always something to talk about", without extensive spend; and
4. **Outstanding customer experience** – Listening to the voice of the customer and the voice of the employee and responding to these insights has seen improvements in customer satisfaction levels with net promotor scores up substantially on the prior year.

FY2020 has started strongly with record July attendances driving higher in-park spend. The focus in FY2020 is on the continued execution of the current strategy, and will see the commencement of the Sea World rejuvenation project, with the *New Atlantis* themed precinct which will ultimately include three key rides, *The Vortex* (December 2019), *The Leviathan* (December 2020) and *The Trident* (April 2021).

While Topgolf has proven popular, with outstanding guest satisfaction, the return on investment has been below expectations. US experience is that it takes time for Topgolf to 'build'. In FY2020, management is focused on optimising the wage model to the Australian environment while maximising spend per visit and leveraging Theme Park group marketing to drive revenue.

After a strong 1H19 for the Cinema Exhibition Division, despite the performance of *Avengers: Endgame*, some of the smaller states did not respond as well to certain product and the full-year underperformed expectations. Further, FY2019 results were impacted by lower screen advertising than prior year, and changes to revenue recognition under the new accounting standard, AASB 15.

Village Cinemas is 'refashioning for the 2020s', ensuring Village Cinemas is a destination of choice. FY2020 will see increased capital expenditure, with a number of premier site upgrades across both the Village and Event circuits, and the development of the new M-City site at Clayton, Victoria. Key FY2020 titles include *The Lion King*, *Star Wars: The Rise of Skywalker*, *Frozen II* and *Wonder Woman 1984*.

Distribution has ever been a "hit" driven business and recent market consolidation provides Roadshow the opportunity to access more flexible and competitive pricing. The division's FY2019 performance reflects the ongoing decline of the physical DVD market, which has led to an impairment of goodwill and the recognition of an inventory return liability. However, Roadshow has a forward-looking strategy of more targeted and flexible film acquisitions and vertical integration to maximise revenue across the product lifecycle. The implementation of bipartisan legislation to combat piracy, with almost 1,000 domains blocked and a 42% overall reduction in piracy since site blocking laws were enacted in 2016, is expected to benefit Film Distribution and Cinema Exhibition in the long term.

The Marketing Solutions division was impacted by lower promotional activity across FY2019, however with current trading and forward bookings, it is expected that FY2020 will see an improvement.

Stronger capital management in FY19 has seen improved operating cash flow generated. Prudent capex control, together with careful cost management remain a key focus for VRL.

Given the substantial improvement in operating profitability and cash flow generation, and reduced debt levels, the Board has today announced a fully-franked final FY2019 dividend of 5 cents per share. VRL's Board is committed to delivering enhanced shareholder returns, and intends to continue paying dividends subject to performance continuing to meet expectations and available free cash flow.

Reflecting on the result, VRL Chief Executive Officer Mr Graham Burke said:
"VRL is well positioned in the 'experience economy' where people are increasingly buying experiences rather than things. FY2020 is off to a good start, with record July attendances at our theme parks and the outstanding performance of The Lion King *in cinema, but offset by some softness in Film Distribution."*

VRL Executive Chairman Mr Robert Kirby said:
"We are very pleased with the improved operating performance delivered so far, with our stronger balance sheet, and the return to paying dividends. With outstanding underlying businesses, and exceptional people, VRL is well placed for sustainable growth in earnings and cash flow."

As previously announced, Mr Peter Tonagh was appointed to the VRL Board as an Independent Non-Executive Director in July. Mr Graham Burke AO will retire as Chief Executive Officer of VRL at the end of calendar year 2019 and Mr Clark Kirby will succeed Mr Burke, commencing as CEO of VRL in addition to his existing role as CEO of Village Roadshow Theme Parks on 1 January 2020. VRL continues to progress its search for an Independent Non-Executive Chair, and upon this appointment, Mr Robert Kirby AO will step down from the role to remain on the Board as an Executive Director.

As announced, the VRL group has signed an agreement to sell Edge Loyalty Systems Pty Ltd to Blackhawk Network (Australia) Pty Ltd. The sale is expected to be completed by November 2019, subject to approval from the Foreign Investment Review Board and other customary closing conditions.

DIVISIONAL REVIEW AND OUTLOOK

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, Topgolf Gold Coast and Sea World Resort on Queensland's Gold Coast. VRTP also operates and has majority ownership in Wet'n'Wild Las Vegas. VRTP has a program of development including theme park opportunities in Asia, with the relevant development costs reflected in the segment result.

THEME PARKS PERFORMANCE SUMMARY

Key Earnings	Gold Coast Theme Parks		Topgolf		Wet'n'Wild Sydney		Wet'n'Wild Las Vegas		Asia Theme Parks		Theme Parks (Total)	
Metrics ($m)	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
EBITDA	73.0	41.9	3.6	(2.1)	-	(1.0)	0.9	2.4	(0.9)	(2.9)	76.5	38.3
EBIT	30.2	1.8	1.7	(2.2)	-	(6.1)	(0.2)	1.1	(1.0)	(3.0)	30.7	(8.3)
PBT	14.7	(10.6)	0.4	(2.4)	-	(8.5)	(1.2)	-	(1.0)	(3.0)	12.9	(24.4)

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

The Theme Parks division had a stronger FY2019, with EBITDA improving 100% to $76.5 million from $38.3 million in the prior corresponding period. Changes in revenue recognition under the new accounting standard, AASB 15 have a negative $2.9 million non-cash impact on earnings and the *DC Rivals Hypercoaster* lease buyout in January 2019 increases EBITDA by $5.4 million annually.

Gold Coast Theme Parks

The successful execution over the last two years of an ongoing four-part winning strategy focused on differentiating VRTP's exceptional theme park offering with; 1. a high-yield ticket strategy; 2. dynamic marketing; 3. smart capital expenditure; and 4. outstanding customer experience, has seen the Gold Coast Theme Parks' EBITDA increase 74% in FY2019 to $73.0 million. Further, deferred revenue from the sale of passes which remained active after 30 June 2019, increased by $6.9 million from FY2018 ($10.7 million) to FY2019 ($17.6 million), reflecting the strength in ticket sales.

The new ticketing strategy saw ticket yields up 25% as consumers migrated to higher priced annual and multi-day passes and as the number of sales directly through VRTP channels increased. Favourable weather in the peak December and January holiday period supported the result and drove record attendance by the local Queensland market during that period. The continued success of the high-yield ticket strategy demonstrates the willingness of guests to pay for the quality experiences delivered by VRTP parks. Multi-day, multi-park ticket sales represent approximately 50% of total ticket sales reflecting the premium value in these higher-yielding tickets.

At Warner Bros. Movie World, the *DC Rivals HyperCoaster* remains a drawcard for 'thrill seekers'. High-impact initiatives including the reimagined *Scooby Doo Next Generation Spooky Coaster* and the new *Batmobile* introduced in FY2019 maintain the park's excitement factor. *Aquaman - The Exhibition*, was very popular, with around 60% of daily attendances visiting the attraction. This will be replaced in FY2020 by the new *Warner Bros. Studio Showcase*. The *Fright Nights* and *White Christmas* evening events delivered record performances in FY2019, monetising assets during extended opening hours, targeting key market segments and adding another dimension to the theme parks. The Batman 80th anniversary activation and new *Harley Quinn* character featured during the *DC Super Heroes and Super Villains* event during the June – July school holidays and *Tom and Jerry* will be added to the parks' character attractions in September 2019.

At Sea World, the new *Thunder Lake* stunt show (introduced in April) complements other FY2019 initiatives including the *Sea Jellies* exhibit, *The Reef* splash zone, the new *Seal Guardians* show and the low-cost *Sky-Flyer*, adding to the guest experience and length of stay. *Carnivale* delivered a record operating profit result in January 2019, maximising the use of the assets during the peak holiday period on the Gold Coast.

Ten-year agreements outsourcing helicopters and whale watching out of Sea World have seen upgrades to the whale-watching vessels and lounge facilities, and construction commenced for the new helicopter hangar and heli-pads expansion (funded by the provider), with completion expected in the first half of FY2020.

FY2020 will see the commencement of the Sea World rejuvenation project. *The Vortex* is set to open in December 2019 and is the first in a trilogy of attractions to be introduced within *The New Atlantis* themed precinct, as management seek to round out the offering and establish Sea World as a major destination. Responses to the announcement of the new precinct and attractions by customers and industry commentators have been exceptionally positive.

Sea World Resort delivered a record operating profit, with continued strong occupancy and growth in the average room rate.

Wet'n'Wild maintained its popularity as a successful summer branding campaign drove solid attendance through December and new shade over Wet'n'Wild Junior also improved the guest experience in this area.

The new Australian Outback Spectacular show, *Heartland*, launched in late November, with a new storyline and enhanced projection experience. Further refinements to this show are expected to enhance the guest experience. *Shaun the Sheep* arrived at Paradise Country in December 2018, tiger cubs in June 2019 and Tassie devils arriving in December 2019 further expand the attractive offerings at this park.

Village Roadshow Studios continued its successful run, as *Dora the Explorer* and *Godzilla vs. Kong* completed during the year and *Reef Break* commenced filming, completing in July 2019. Baz Luhrmann's untitled Elvis Presley biopic is currently scheduled to film at the Studios in FY2020.

Topgolf

Topgolf Gold Coast has proven popular, with outstanding guest satisfaction. Topgolf delivered an EBITDA of $3.6 million, below original expectations. US experience is that it takes time for Topgolf to 'build'. Management's focus in FY2020 is on fine-tuning the wage model for the Australian environment and refining the service delivery to maximise spend per visit and optimise the labour mix. Additionally, the focus in FY2020 is on the events business, driving sales initiatives and promotions and leveraging the theme park group's sales and marketing teams to educate the market about the Topgolf offering. There is no further capital investment in Topgolf planned in the short term.

Wet'n'Wild Sydney

The sale of Wet'n'Wild Sydney to Parques Reunidos was completed on 3 October 2018, with net proceeds of approximately $37 million used to reduce VRL's debt.

Wet'n'Wild Las Vegas

Following a difficult summer season, a new management team and strategy was implemented at Wet'n'Wild Las Vegas (50.09% owned by VRL). The park delivered a FY2019 EBITDA of $0.9 million (FY2018: $2.4 million).

Asia

VRTP successfully delivered the opening of Lionsgate Entertainment World at Novotown on Hengqin Island on 31 July 2019. This is the first fully immersive, Lionsgate-branded, themed, climate-controlled, vertical indoor venue. VRTP will operate the park and receive management fees.

VRTP continues to pursue opportunities in Asia, with a focus on consulting and management operating agreements and no equity investment.

THEME PARKS – OUTLOOK

The focus in FY2020 is on the continued execution of the strategy, with a new Village Roadshow Theme Parks brand campaign, which will bring together all the Gold Coast properties, including Topgolf. The high-yield ticketing strategy will continue, with plans to increase ticket prices annually, supported by a continued focus on the customer experience with a new customer platform, website optimisation and the commencement of the Sea World *New Atlantis* project.

FY2020 has started very well with strong attendances across the July school holidays, with July attendances up 12.5% on the prior comparative period, which are driving strong in-park revenue.

CINEMA EXHIBITION

VRL's Cinema Exhibition division operates predominantly in Australia through a joint venture with Event Hospitality & Entertainment Limited ("Event").

CINEMA EXHIBITION PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	Australia		Other		Exhibition (Total)	
	FY19	FY18	FY19	FY18	FY19	FY18
EBITDA	54.0	58.0	(0.1)	0.1	53.9	58.1
EBIT	37.2	41.2	(0.6)	(0.5)	36.5	40.7
PBT	33.3	37.7	(0.6)	(1.5)	32.7	36.2

Note: Figures presented are VRL share, before Material Items.
Other includes Leisure (FY2019) and iPic / Belfast (FY2018).
iPic is classified as an associate for accounting purposes and due to the recognition of accumulated losses, iPic has no impact on the VRL group's results unless there is a cash movement. The carrying value of VRL's investment in iPic is nil.

Australian Cinema Exhibition Sites & Screen summary

As at 30 June 18		Opened / (Closed/Sold)		As at 30 June 19	
Sites	Screens	Sites	Screens	Sites	Screens
58	583	(1)	(6)	57	577

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 FY2019 EBITDA result of $53.9 million (FY2018: $58.1 million), which includes a negative $2.5 million non-cash impact of the new revenue recognition accounting standard, AASB 15, on the division's reported results.

After a strong 1H19 with top titles including *Bohemian Rhapsody*, *A Star Is Born*, *Crazy Rich Asians* and *Aquaman*, despite the performance of *Avengers: Endgame*, some of the smaller states did not respond as well to certain product and the full-year underperformed against expectations. Further, earnings were impacted by lower screen advertising than prior year, and the impact of AASB 15.

With a focus on loyalty and rewarding the customer base, Village made movies more affordable in FY2019, with everyday pricing of $15 for **rewards** loyalty program members. This has seen just over half of tickets sold at the **rewards** member price across the Victorian and Tasmanian circuits, and the membership base growing approximately 30% year on year. This strategy has positively impacted guest satisfaction, with increased net promoter scores and positive guest feedback. Additionally, concession sales across the Village Cinemas managed circuit increased 5% on the prior year, as the loyalty program initiative further stimulated admissions, combined with a strong 1H19 Gold Class mix.

Following the expansion of **Gold Class** and **max**, plus the successful introduction of **Junior** in recent years, Village Cinemas is focused on 'refashioning for the 2020s', ensuring Village Cinemas is a destination of choice. Redesigns and refurbishments at premier sites will be key. Initiatives include **Gold Class** refurbishment, seating and foyer upgrades, and an increased emphasis on the diversification of revenue. The first of these refashioned sites will be Knox, where the foyer refurbishment will see the introduction of kitchen, bar and social activity elements, leveraging the powerful 'eatertainment' trend. The new M-City Clayton site will feature social pre- and post-movie experiences with a 'taphouse' style bar, high-quality craft food and beverage menu, innovative technology for frictionless ordering, and luxury auditoriums with large premium seating. A number of Event managed sites are also scheduled for refurbishment in FY2020. Planned refurbishments and M-City are biased toward completion in late FY2020, and expected to contribute to earnings in FY2021 and beyond.

The division also has a number of new sites committed, mostly within the Event circuit through the Village/Event joint venture:

New Site	Expected Opening	Total Screens	Gold Class	max	premium	Junior
Clayton, VIC	Mid 2020	6	-	-	-	-
Edmondson Square, NSW	FY2021	6	-	2	-	-
Innaloo, WA*	FY2023	10	4	3	-	-
Green Square, NSW	FY2024	5	-	-	-	-
Castle Hill, NSW*	TBC	13	4	4	-	1

**Relocation*
Note: Opening dates and screen numbers are subject to change.

CINEMA EXHIBITION OUTLOOK

FY2020 has started strongly with improved screen advertising, *Spiderman: Far from Home*'s lifetime result exceeding its predecessor, *Spiderman: Homecoming*, by 30% and *The Lion King* becoming Disney's highest grossing animated film of all time. Other key titles in FY2020 include *Star Wars: The Rise of Skywalker*, *Frozen II*, *Jumanji: The Next Level*, the next instalments in the *Bond* and *Fast & Furious* franchises and *Wonder Woman 1984.*

The strategy of 'refashioning' will see increased capital expenditure in FY2020 with the construction of M-City Clayton and as a number of refurbishments are undertaken across both the Village and Event circuits.

IPIC THEATERS

As advised to the Australian Securities Exchange on 29 July 2019, iPic Entertainment Inc. ("iPic") announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. As a result, VRL has made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to the iPic business. The payment by VRL will not have a material impact on VRL's financial covenants. As at 30 June 2019, VRL has recognised the full amount of this financial guarantee liability at $8.0 million and included it in material items. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

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. Roadshow Rough Diamond was formed in 2016 to focus on producing quality TV drama and in 2017, Roadshow acquired 50% of Blink TV, which focuses on producing unscripted content. The division also has a 31% interest in FilmNation Entertainment LLC; a US-based international film sales and production/distribution business.

FILM DISTRIBUTION PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	FY19	FY18
EBITDA	8.6	13.8
EBIT	5.1	10.6
PBT	1.1	6.8

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

The Film Distribution division ("Roadshow") delivered a FY2019 EBITDA of $8.6 million (FY2018: $13.8 million). Key theatrical titles released predominantly in the first half, including *Aquaman*, *A Star Is Born* and *Crazy Rich Asians*, with a weaker second half including disappointing results from *Hellboy, Missing Link* and *Poms.* The division's performance has been impacted by the ongoing decline in the physical DVD market, which has led to an impairment of goodwill and the recognition of an inventory return liability.

Distribution has ever been a "hit" driven business. Recent market consolidation provides Roadshow the opportunity to enjoy more flexible and competitive pricing with fewer independent distributors in the market. Roadshow has a forward-looking strategy of more targeted and flexible film acquisitions, and is vertically aligned to maximise revenue across the entire product lifecycle from Theatrical, to Home Entertainment and Television.

As part of its usual operations, Roadshow contributes minimum guarantees for the distribution rights to films. A number of Australian films with great potential are in production for distribution in FY2020 and beyond, including*: The Dry*; *Miss Fisher and the Crypt of Tears*; and *Penguin Bloom*.

Piracy

With the support of governments around the world seeing reduced access to pirate sites, the threat of piracy is steadily declining. Creative Content Australia's research has seen a 42% overall reduction in piracy since site blocking laws were enacted in 2016. Almost 1,000 domains have been blocked. Additionally, piracy is no longer the social norm as Creative Content Australia's research in 2012 showed that 66% of Australians agreed that accessing

pirate content is 'something that everybody does these days', in 2018 only 32% of Australians agreed with this.

Content strategy

Roadshow has a low-cost investment approach to content creation – while the contribution is small today, there is potential for growth.

Roadshow Television

Roadshow Rough Diamond continues its development of TV drama for domestic and international audiences, with minimal investment from VRL. *Les Norton* a 10-episode drama series released on the ABC in August has proven popular, and other projects are in development.

Blink TV produced *Eurovision - Australia Decides*, and *Eurovision 2019* for SBS, with *Eurovision – Australia Decides 2020* and *Eurovision Asia* in development.

FilmNation

FilmNation is continuing its production strategy, with upcoming releases including *Promising Young Woman*, *The Lodge* and *The Personal History of David Copperfield*.

FilmNation continues to build its TV slate with projects including *I Know This Much Is True*, *The House of The Spirits* and *Feminist Fight Club.* In addition, FilmNation has partnered with Nordic Entertainment Group to launch a joint venture in the UK, to build a dedicated television content pipeline, while expanding both partners' global footprint.

FILM DISTRIBUTION - OUTLOOK

While the decline in sales of physical DVDs and Blu Ray is expected to continue, Roadshow is working to exploit the increasingly diversified television market as new subscription video on demand ("SVOD") platforms enter the market, to maximise this new revenue stream as a content provider. Roadshow will continue to right-size the overhead structure to maximise efficiencies, including the implementation of a more streamlined management structure from July 2019.

Roadshow's July performance was impacted by softness in the release schedule. Whilst the division is focused on its film acquisition strategy, the FY2020 earnings result is ultimately dependent on the performance of upcoming titles. Key theatrical releases include *IT Chapter 2*, *Birds of Prey*, *Wonder Woman 1984*, *Joker, Hustlers, Miss Fisher and the Crypt of Tears*, and *Midway*.

MARKETING SOLUTIONS

VRL's Marketing Solutions division is a world leader in consumer incentive programs, with head offices in Australia and the UK. The Division is focused on digital platforms and rewards and works with some of the world's largest brands.

MARKETING SOLUTIONS PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	FY19	FY18
EBITDA	5.3	8.3
EBIT	3.5	6.5
PBT	0.4	4.1

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

The Marketing Solutions division delivered an FY2019 EBITDA of $5.3 million, down from $8.3 million in FY2018, impacted by lower promotional activity across the year, mostly occurring in the first half.

Edge

Key clients for Edge in FY2019 included Harvey Norman, NIB, Compare the Market and Treasury Wine Estates.

Edge continues to focus on delivering incentive technologies to drive customer acquisition and retention for Australia's leading brands and retailers. To this end, Edge continues to invest in technical innovation, including the recently launched Mobile Pay, which allows consumers to receive digital cash rewards directly to their native smartphone wallets. The division will focus on driving new business and maximising opportunities with key relationships by solving for the full customer incentive lifecycle with new and existing clients.

As announced on 29 August 2019, the VRL group has signed an agreement to sell Edge Loyalty Systems Pty Ltd to Blackhawk Network (Australia) Pty Ltd. The sale is expected to be completed by November 2019, subject to approval from the Foreign Investment Review Board and other customary closing conditions.

Opia

Key clients for Opia include HP, Samsung, LG, Microsoft and Google, and Opia is looking to do more with these clients and others, both in existing markets and expanding geographically.

The long-term priorities for Opia are to grow the UK and Europe customer base through a focus on relationships with blue-chip clients and new opportunities in the US and South Africa.

MARKETING SOLUTIONS - OUTLOOK

Current trading expects Opia's FY2020 will see an improvement, with a stronger pipeline of confirmed promotions for FY2020 in the UK, US and Europe.

CORPORATE & OTHER

CORPORATE PERFORMANCE SUMMARY

Key Results ($m)	FY19	FY18
EBITDA - Corporate	(19.2)	(22.2)
EBITDA - Digital & IT	(0.3)	(5.4)
EBITDA - Corporate & Other	**(19.5)**	**(27.6)**
Depreciation & amortisation	(1.9)	(1.7)
Interest expense (net)	0.3	(2.4)
PBT	**(21.1)**	**(31.7)**

Note: Figures presented are before Material Items.

A continued commitment to cost reduction has seen FY2019 corporate overheads (EBITDA $19.5 million loss) significantly lower than FY2018 (EBITDA $27.6 million loss). This includes savings resulting from the 25% reduction in Executive Directors' base remuneration and Non-Executive Directors' fees, effective July 2018. Other savings have been achieved in Shared Services, Finance, and IT.

FY2018 and FY2019 do not include senior executive bonuses, which will be reinstated in FY2020 if the relevant KPIs are met, and equate to approximately $4 million (maximum) to Corporate executives. FY2020 will include major IT upgrades across all divisions, with the $2 million – $3 million in costs reflected in Digital & IT within Corporate & Other.

FINANCING AND LEVERAGE

As indicated to the market at the time of the capital raising in FY2018, in December 2018, VRL completed the refinancing of its existing debt facility with a total facility of $340 million. Further, during FY2019, VRL also completed the sale of Wet'n'Wild Sydney, the sale and leaseback of the Coburg drive-in cinema, and the buyout of the *DC Rivals HyperCoaster* lease. Combined with prudent capex and cost savings, at 30 June 2019, VRL's leverage ratio was 1.76x.

CAPEX

Stronger capital management in FY2019 has seen improved operating cash flow generated. Prudent capex control, together with careful cost management remain a key focus for VRL. Capex projections over the short to medium term are approximately in line with depreciation and amortisation of approximately $70 – 75 million (excluding the future impact of AASB 16 Leases). The increase in capex from FY2019 to FY2020 is largely driven by Cinema Exhibition, with a number of refurbishments at key sites across the Village and Event circuits and the construction of M-City Clayton (benefits from FY2021 and beyond).

MATERIAL ITEMS

Material items attributable loss after tax of $27.2 million in FY2019 included the following:

- Gain on disposal from sale and leaseback of property of $10.2 million;
- Impairment of assets and other non-cash adjustments totalling $18.0 million pre-tax, including impairment of assets at Wet'n'Wild Las Vegas of $5.4 million and impairment of goodwill relating to Film Distribution of $10.0 million;
- Other provision adjustments totalling $15.7 million pre-tax, including recognition of financial guarantee liability relating to iPic loan of $8.0 million and recognition of return liability relating to inventory in the Film Distribution division of $7.7 million; and
- Restructuring and borrowing costs totalling $11.4 million pre-tax across the VRL group from the cost management program and refinancing.

DIVIDENDS

The Board has announced a fully-franked final FY2019 dividend of 5 cents per share, with a record date of 16 September 2019, payable on 11 October 2019. VRL's Board is committed to delivering shareholder returns, and intends to continue paying dividends subject to performance continuing to meet expectations and available operating free cash flow.

FURTHER INFORMATION:

Graham Burke
Chief Executive Officer
03 9281 1000

VILLAGE ROADSHOW FY2019 RESULTS BRIEFING

29 AUGUST 2019 2:00 PM AEST

Access a webcast of the briefing by following this link:
https://services.choruscall.com.au/webcast/vrl-190829.html

To pre-register for teleconference 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 FY2019 Results Presentation including additional conference call details are available at www.asx.com.au and www.villageroadshow.com.au

ANNUAL REPORT 2019

VILLAGE ROADSHOW LIMITED

ABN 43 010 672 054

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2019.

CORPORATE INFORMATION
Village Roadshow Limited ("the Company" or "VRL") is a company limited by shares that is incorporated and domiciled in Australia. The registered office and principal administrative office of the Company is located at Level 1, 500 Chapel Street, South Yarra, Victoria 3141.

DIRECTORS AND SECRETARIES
The names of the Directors and Secretaries of the Company in office during the financial year and until the date of this report are:

Directors
Robert G. Kirby
Graham W. Burke
John R. Kirby
David J. Evans (Retired 22 November 2018)
Robert Le Tet
Timothy M. Antonie
Jennifer Fox Gambrell
Peter C. Tonagh (Appointed 18 July 2019)
Julie E. Raffe (alternate for Messrs. R.G. Kirby and G.W. Burke)

Company Secretaries
Shaun L. Driscoll (Retired 22 February 2019)
Simon T. Phillipson (Appointed 22 February 2019)
Julie E. Raffe

The qualifications and experience of the Directors and Secretaries and the special responsibilities of the Directors are set out below.

Directors

Robert G. Kirby AO
Executive Chairman, Executive Director

First joined the Board on 12 August 1988, reappointed 5 July 2001. Holds a Bachelor of Commerce with over 40 years experience in the entertainment and media industry. Chairman of Village Roadshow Limited 1994 to 1998, 2002 to 2006 and from June 2010 to November 2013. Co-Executive Chairman and Co-Chief Executive Officer November 2013 to August 2018 when he became Executive Chairman. Deputy Chairman Village Roadshow Limited 1990 to 1994, 1998 to 1999, 2001 to 2002, and 2006 to June 2010. Through the launch of Roadshow Home Video, Mr. Kirby was the driving force behind the Australian video revolution of the 1980's and 1990's. He is a pioneer of new cinema concepts in both Australia and internationally and has been at the forefront of Village Roadshow's successful diversification into theme parks, radio and international film production. Director of Village Roadshow Corporation Pty. Ltd., Former Board member and Deputy Chair of Peter MacCallum Cancer Foundation for 15 years, Member of Patrons Council of Epilepsy Foundation and Patron of Arts Centre Melbourne.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Graham W. Burke AO
Chief Executive Officer, Executive Director

Member of the Board since 9 September 1988. Chief Executive Officer of Village Roadshow Limited from 1988 to 29 November 2013 and Co-Executive Chairman and Co-Chief Executive Officer from November 2013 to August 2018 when he became Chief Executive Officer. With unrivalled experience in the entertainment and film industries, Mr. Burke has been one of the strategic and creative forces behind Village Roadshow's development and founded Roadshow Distributors with the late Mr. Roc Kirby. Mr. Burke has been integral to strategically developing Warner Bros. Movie World and Village Roadshow's involvement with Sea World as well as ongoing Australian and international film production. Chairman of Creative Content Australia (formerly IP Australia Foundation) from March 2016. Director Village Roadshow Corporation Pty. Ltd.

Chairman Executive Committee

Other Listed Public Company Directorships in previous 3 years: Nil

DIRECTORS AND SECRETARIES (continued)
Directors (continued)

John R. Kirby AM, D Univ
Non-Executive Director

Bachelor of Economics, University of Tasmania. Honorary Doctor, Griffith University. Member of the Australian Society of Accountants. Chairman of Village Roadshow Corporation Pty. Ltd. Mr. Kirby has held a wide number of executive positions in cinema exhibition, film distribution, radio, theme parks, construction and strategy over his 45 years within Village Roadshow, and has been at the forefront of many of the Group's successful growth outcomes today. Currently Chairman of the Sony Foundation Australia, and Victoria University Confucius Institute, Director Asia Pacific Screen Academy and Queensland College of Arts. Previously Chairman, Village Roadshow Limited and Austereo Limited. He was Chairman of The Salvation Army Advisory Board and Red Shield Appeal, Deputy Chairman of The Conversation Media Group, former Director of IMNIS and former Director of Jigsaw Foundation at the Royal Children's Hospital, Surf Life Saving Australia Foundation, Griffith University Advisory for CILECT Congress. Former Chairman of Sponsors Appeal Committee of the Victorian College of the Arts, and former Deputy Chairman of the Interim Council of the National Film and Sound Archive. Former member of the Victorian Premier's Multi Media Task Force, Victorian Advisory Council of the Australian Opera, and Progressive Business Victoria and former advisor, Commando Welfare Trust.

Other Listed Public Company Directorships in previous 3 years: Nil

Robert Le Tet
Independent Non-Executive Director

Member of the Board since 2 April 2007. Holds a Bachelor of Economics Degree from Monash University and is a qualified accountant. Founded and currently Executive Chairman of venture capital company, Questco Pty. Ltd. Over 35 years' experience in broadcasting, film and entertainment industries, including Director of television production company Crawford Productions. Formerly Deputy Chairman of radio station EONFM and 20 years as Chairman and CEO of Australia's largest film and advertising production company, The Filmhouse Group. Previously Chairman of radio stations 3UZ and 3CV, WSA Communications Pty. Ltd. and Entertainment Media Pty. Ltd. and Chairman of Metropolitan Ambulance Service in Melbourne. Served as Board Member of the Australian Broadcasting Authority and Chairman of its Audit Committee.

Chairman Audit & Risk Committee
Member Corporate Governance & Nomination Committee
Member Remuneration Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Timothy M. Antonie
Independent Non-Executive Director

Member of the Board since 1 December 2010, Lead Independent Director from 5 September 2017. Holds a Bachelor of Economics degree (major in accounting) from Monash University and qualified as a Chartered Accountant. Over 20 years experience in investment banking focussing on large scale mergers and acquisitions and capital raisings in the Australian media and entertainment, retail and consumer sectors. Managing Director of UBS Investment Banking from 2004 to 2008 and is currently a principal of Stratford Advisory Group.

Chairman Remuneration Committee
Member Audit & Risk Committee
Member Corporate Governance & Nomination Committee

Other Listed Public Company Directorships in previous 3 years:
Premier Investments Limited, since 1 December 2009
Breville Limited, since 19 December 2013
Netwealth Group Limited, since 20 November 2017

DIRECTORS AND SECRETARIES (continued)
Directors (continued)

Jennifer Fox Gambrell
Independent Non-Executive Director

Member of the Board since 19 November 2015. Holds a Doctorate in Business Administration (DBA) from the International School of Management in Paris, France and an MBA from Baylor University, Texas, USA. Until the sale to Accor in 2016, was President of Fairmont Hotels and Resorts and President FRHI International, overseeing the luxury brand's global hotel portfolio including Raffles, Fairmont and Swissôtel in all international markets outside North America. Over 25 years of experience in the luxury, resort and business segments of the hospitality industry. Formerly Chief Operating Officer, Europe as well as Senior Vice-President Global Brand Management for InterContinental Hotels Group, and previously holding several senior management roles at Starwood and ITT Sheraton including VP Global Brand Manager Sheraton Hotels & Resorts.

Chair, Corporate Governance & Nomination Committee
Member Remuneration Committee
Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:
Millennium & Copthorne Hotels Plc, 19 June 2018 to 27 September 2018

Peter C. Tonagh
Independent Non-Executive Director

Member of the Board since 18 July 2019. Holds a Master in Business Administration (MBA) from INSEAD, France and a Bachelor of Commerce from UNSW. Was Chief Executive Officer at Foxtel Management Pty. Limited until 2018. Prior to that, Mr. Tonagh held various other senior executive roles at News Corporation including Chief Executive Officer and Chief Operating Officer at News Corp Australia, interim CEO of REA Group Limited and Chief Operating Officer and Chief Financial Officer of Foxtel. Mr. Tonagh is a former Vice President and Partner at The Boston Consulting Group.

Member Corporate Governance & Nomination Committee
Member Remuneration Committee
Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:
Ten Network Holdings Limited, 30 March 2016 to 16 November 2017

Julie E. Raffe
Finance Director

Member of the Board since 15 May 2012 as alternate director for Messrs. R.G. Kirby and G.W. Burke. Fellow of Chartered Accountants Australia and New Zealand and in the UK, Fellow of Financial Services Institute of Australia, and graduate of Australian Institute of Company Directors. Formerly Chief Financial Officer since 1992, Ms. Raffe has over 25 years experience in the media and entertainment industries. Director of Village Roadshow's wholly owned subsidiaries and Member of the Executive Committee. Deputy Chair of not for profit organisation Entertainment Assist.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Company Secretaries

Simon T. Phillipson
Director of Corporate Affairs
General Counsel

Holds a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne. Chairman of the Group's Management Risk & Compliance Committee, Director of Village Roadshow's wholly owned subsidiaries and Member of the Executive Committee. Mr. Phillipson has over 20 years with Village Roadshow after working in private legal practice with a major international law firm.

Julie E. Raffe
Finance Director

Appointed secretary of the Company on 29 April 2011. Details as above.

DIRECTORS AND SECRETARIES (continued)

Relevant Interests

As at the date of this report, the relevant interests of the Directors in the shares (and "in-substance options" which are included in the totals shown for ordinary shares) and options of the Company and related bodies corporate were as follows:

Name of Director	Ordinary Shares	Ordinary Options
Robert G. Kirby	77,940,322	-
Graham W. Burke	77,940,322	-
John R. Kirby	77,940,322	-
Jennifer Fox Gambrell	105,204	-
Robert Le Tet	323,359	-
Timothy M. Antonie	26,810	-
Peter C. Tonagh	-	-
Julie E. Raffe (alternate)	1,091,084	-

Messrs R.G. Kirby, G.W. Burke and J.R. Kirby each have a relevant interest in 100% of the issued capital of:

- Village Roadshow Corporation Pty. Limited, the immediate parent entity of the Company; and
- Positive Investments Pty. Limited, the ultimate parent entity of the Company.

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the Company and its controlled entities ("the Group", "VRL group" or "consolidated entity") during the financial year were:

- Theme park and water park operations ("Theme Parks");
- Cinema exhibition operations ("Cinema Exhibition");
- Film distribution operations ("Film Distribution"); and
- Sales promotion and loyalty program operations ("Marketing Solutions").

Other activities, including corporate overheads, financing activities, digital and information technology development, and other investments, are included under 'Other'.

Overview of Results and Dividends / Distributions

The VRL group reported an attributable net loss of $6.6 million for the year ended 30 June 2019 ("FY2019"), compared to an attributable net profit of $0.2 million for the year ended 30 June 2018 ("FY2018"), which included an attributable net loss from material items of $27.2 million in FY2019, and an attributable net profit from material items of $7.5 million in FY2018. The attributable net loss from material items after tax of $27.2 million in FY2019 included a gain on disposal from sale and leaseback of property of $10.2 million, impairment and other non-cash adjustments of $14.8 million, other provision adjustments of $13.4 million and restructuring costs of $8.0 million – refer page 9 for further details in relation to material items. During the year, the Group adopted the new revenue accounting standard, Australian Accounting Standards Board ("AASB") 15, *Revenue from Contracts with Customers*. Due to the transition method adopted, the Group has not restated comparative information and therefore may not be directly comparable. Refer to Note 1(b)(ii) in the Financial Statements for further information.

The attributable net profit before material items and discontinued operations ("NPAT") for FY2019 was $20.6 million, compared to the prior year attributable net loss of $7.3 million. Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations ("EBITDA") for FY2019 was $124.9 million, compared to the prior year result of $90.9 million.

Basic loss per share from continuing operations was 3.4 cents (FY2018: earnings per share of 0.14 cents). There were no potential ordinary shares in FY2019 (FY2018: nil). Diluted earnings per share before material items and discontinued operations for FY2019 was 10.7 cents per share, compared to the prior year loss per share of 4.5 cents per share, based on a weighted average total of 191,759,401 ordinary shares (FY2018: 161,855,150 ordinary shares).

No dividends have been declared or paid during FY2019 (FY2018: nil). Subsequent to 30 June 2019, the VRL Board has declared a fully-franked final dividend of 5.0 cents per ordinary share, which will be paid in October 2019.

Net cash flows from operating activities totalled $82.4 million in FY2019, compared to $21.4 million in the prior year. Cash flows used in investing and financing activities totalled $84.7 million in FY2019, compared to $58.8 million used in the prior year. Proceeds from sale of investments/businesses and sale and leaseback of property totalled $52.2 million in FY2019 (FY2018: $263.8 million), proceeds from issue of shares in FY2019 was $49.2 million (FY2018: nil), and net repayment of borrowings in FY2019 was $124.8 million, compared to net repayment of borrowings of $227.9 million in FY2018.

An analysis of the Group's operations, financial position, business objectives and future prospects is set out below. Further financial summary information is set out in the Reconciliation of Results, which forms part of this Directors' Report, on pages 12 and 13, and in Note 30 to the Financial Statements.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results
Theme Parks
The Theme Parks division had a stronger FY2019, with EBITDA improving 100% to $76.5 million from $38.3 million in the prior corresponding period. Changes in revenue recognition under the new accounting standard, AASB 15 have a negative $2.9 million non-cash impact on earnings and the *DC Rivals Hypercoaster* lease buyout in January 2019 increases EBITDA by $5.4 million annually.

The successful execution over the last two years of an ongoing four-part winning strategy focused on differentiating VRTP's exceptional theme park offering with; 1. a high-yield ticket strategy; 2. dynamic marketing; 3. smart capital expenditure; and 4. outstanding customer experience, has seen the Gold Coast Theme Parks' EBITDA increase 74% in FY2019 to $73.0 million. Further, deferred revenue from the sale of passes which remained active after 30 June 2019, increased by $6.9 million from FY2018 ($10.7 million) to FY2019 ($17.6 million), reflecting the strength in ticket sales.

The new ticketing strategy saw ticket yields up 25% as consumers migrated to higher priced annual and multi-day passes and as the number of sales directly through VRTP channels increased. Favourable weather in the peak December and January holiday period supported the result and drove record attendance by the local Queensland market during that period. The continued success of the high-yield ticket strategy demonstrates the willingness of guests to pay for the quality experiences delivered by VRTP parks. Multi-day, multi-park ticket sales represent approximately 50% of total ticket sales reflecting the premium value in these higher-yielding tickets.

At Warner Bros. Movie World, the *DC Rivals HyperCoaster* remains a drawcard for 'thrill seekers'. High-impact initiatives including the reimagined *Scooby Doo Next Generation Spooky Coaster* and the new *Batmobile* introduced in FY2019 maintain the park's excitement factor. *Aquaman - The Exhibition*, was very popular, with around 60% of daily attendances visiting the attraction. This will be replaced in the year ending 30 June 2020 ("FY2020") by the new *Warner Bros. Studio Showcase*. The *Fright Nights* and *White Christmas* evening events delivered record performances in FY2019, monetising assets during extended opening hours, targeting key market segments and adding another dimension to the theme parks. The Batman 80th anniversary activation and new *Harley Quinn* character featured during the *DC Super Heroes and Super Villains* event during the June – July school holidays and *Tom and Jerry* will be added to the parks' character attractions in September 2019.

At Sea World, the new *Thunder Lake* stunt show (introduced in April) complements other FY2019 initiatives including the *Sea Jellies* exhibit, *The Reef* splash zone, the new *Seal Guardians* show and the low-cost *Sky-Flyer*, adding to the guest experience and length of stay. *Carnivale* delivered a record operating profit result in January 2019, maximising the use of the assets during the peak holiday period on the Gold Coast.

Ten-year agreements outsourcing helicopters and whale watching out of Sea World have seen upgrades to the whale-watching vessels and lounge facilities, and construction commenced for the new helicopter hangar and heli-pads expansion (funded by the provider), with completion expected in the first half of FY2020.

FY2020 will see the commencement of the Sea World rejuvenation project. *The Vortex* is set to open in December 2019 and is the first in a trilogy of attractions to be introduced within *The New Atlantis* themed precinct, as management seek to round out the offering and establish Sea World as a major destination. Responses to the announcement of the new precinct and attractions by customers and industry commentators have been exceptionally positive.

Sea World Resort delivered a record operating profit, with continued strong occupancy and growth in the average room rate.

Wet'n'Wild maintained its popularity as a successful summer branding campaign drove solid attendance through December and new shade over Wet'n'Wild Junior also improved the guest experience in this area.

The new Australian Outback Spectacular show, *Heartland*, launched in late November, with a new storyline and enhanced projection experience. Further refinements to this show are expected to enhance the guest experience. *Shaun the Sheep* arrived at Paradise Country in December 2018, tiger cubs in June 2019 and Tassie devils arriving in December 2019 further expand the attractive offerings at this park.

Village Roadshow Studios continued its successful run, as *Dora the Explorer* and *Godzilla vs. Kong* completed during the year and *Reef Break* commenced filming, completing in July 2019. Baz Luhrmann's untitled Elvis Presley biopic is currently scheduled to film at the Studios in FY2020.

Topgolf Gold Coast has proven popular, with outstanding guest satisfaction. Topgolf delivered an EBITDA of $3.6 million, below original expectations. US experience is that it takes time for Topgolf to 'build'. Management's focus in FY2020 is on fine-tuning the wage model for the Australian environment and refining the service delivery to maximise spend per visit and optimise the labour mix. Additionally, the focus in FY2020 is on the events business, driving sales initiatives and promotions and leveraging the theme park group's sales and marketing teams to educate the market about the Topgolf offering. There is no further capital investment in Topgolf planned in the short term.

The sale of Wet'n'Wild Sydney to Parques Reunidos was completed on 3 October 2018, with net proceeds of approximately $37 million used to reduce VRL's debt.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Theme Parks (continued)
Following a difficult summer season, a new management team and strategy was implemented at Wet'n'Wild Las Vegas (50.09% owned by VRL). The park delivered a FY2019 EBITDA of $0.9 million (FY2018: $2.4 million).

VRTP successfully delivered the opening of Lionsgate Entertainment World at Novotown on Hengqin Island on 31 July 2019. This is the first fully immersive, Lionsgate-branded, themed, climate-controlled, vertical indoor venue. VRTP will operate the park and receive management fees.

VRTP continues to pursue opportunities in Asia, with a focus on consulting and management operating agreements and no equity investment.

The focus in FY2020 is on the continued execution of the strategy, with a new Village Roadshow Theme Parks brand campaign, which will bring together all the Gold Coast properties, including Topgolf. The high-yield ticketing strategy will continue, with plans to increase ticket prices annually, supported by a continued focus on the customer experience with a new customer platform, website optimisation and the commencement of the Sea World *New Atlantis* project.

FY2020 has started very well with strong attendances across the July school holidays, with July attendances up 12.5% on the prior comparative period, which are driving strong in-park revenue.

Cinema Exhibition
The Cinema Exhibition division delivered a FY2019 EBITDA result of $53.9 million (FY2018: $58.1 million), which includes a negative $2.5 million non-cash impact of the new revenue recognition accounting standard, AASB 15, on the division's reported results.

After a strong first half with top titles including *Bohemian Rhapsody*, *A Star Is Born*, *Crazy Rich Asians* and *Aquaman*, despite the performance of *Avengers: Endgame*, some of the smaller states did not respond as well to certain product and the full-year underperformed against expectations. Further, earnings were impacted by lower screen advertising than prior year, and the impact of AASB 15.

With a focus on loyalty and rewarding the customer base, Village made movies more affordable in FY2019, with everyday pricing of $15 for **rewards** loyalty program members. This has seen just over half of tickets sold at the **rewards** member price across the Victorian and Tasmanian circuits, and the membership base growing approximately 30% year on year. This strategy has positively impacted guest satisfaction, with increased net promoter scores and positive guest feedback. Additionally, concession sales across the Village Cinemas managed circuit increased 5% on the prior year, as the loyalty program initiative further stimulated admissions, combined with a strong first half Gold Class mix.

Following the expansion of **Gold Class** and **max**, plus the successful introduction of **Junior** in recent years, Village Cinemas is focused on 'refashioning for the 2020s', ensuring Village Cinemas is a destination of choice. Redesigns and refurbishments at premier sites will be key. Initiatives include **Gold Class** refurbishment, seating and foyer upgrades, and an increased emphasis on the diversification of revenue. The first of these refashioned sites will be Knox, where the foyer refurbishment will see the introduction of kitchen, bar and social activity elements, leveraging the powerful 'eatertainment' trend. The new M-City Clayton site will feature social pre- and post-movie experiences with a 'taphouse' style bar, high-quality craft food and beverage menu, innovative technology for frictionless ordering, and luxury auditoriums with large premium seating. A number of Event Hospitality & Entertainment ("Event") managed sites are also scheduled for refurbishment in FY2020. Planned refurbishments and M-City are biased toward completion in late FY2020, and expected to contribute to earnings in the full-year 2021 and beyond.

The division also has a number of new sites committed, mostly within the Event circuit through the Village/Event joint venture.

As advised to the Australian Securities Exchange on 29 July 2019, iPic Entertainment Inc. ("iPic") announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. As a result, VRL has made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to the iPic business. The payment by VRL will not have a material impact on VRL's financial covenants. As at 30 June 2019, VRL has recognised the full amount of this financial guarantee liability at $8.0 million and included it in material items of income and expense in the Reconciliation of Results on pages 12 and 13. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

FY2020 has started strongly with improved screen advertising, *Spiderman: Far from Home*'s lifetime result exceeding its predecessor, *Spiderman: Homecoming*, by 30% and *The Lion King* becoming Disney's highest grossing animated film of all time. Other key titles in FY2020 include *Star Wars: The Rise of Skywalker*, *Frozen II*, *Jumanji: The Next Level*, the next instalments in the *Bond* and *Fast & Furious* franchises and *Wonder Woman 1984.*

The strategy of 'refashioning' will see increased capital expenditure in FY2020 with the construction of M-City Clayton and as a number of refurbishments are undertaken across both the Village and Event circuits.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Film Distribution
The Film Distribution division ("Roadshow") delivered a FY2019 EBITDA of $8.6 million (FY2018: $13.8 million). Key theatrical titles released predominantly in the first half, including *Aquaman*, *A Star Is Born* and *Crazy Rich Asians*, with a weaker second half including disappointing results from *Hellboy, Missing Link* and *Poms.* The division's performance has been impacted by the ongoing decline in the physical DVD market, which has led to an impairment of goodwill and the recognition of an inventory return liability.

Distribution has ever been a "hit" driven business. Recent market consolidation provides Roadshow the opportunity to enjoy more flexible and competitive pricing with fewer independent distributors in the market. Roadshow has a forward-looking strategy of more targeted and flexible film acquisitions, and is vertically aligned to maximise revenue across the entire product lifecycle from Theatrical, to Home Entertainment and Television.

As part of its usual operations, Roadshow contributes minimum guarantees for the distribution rights to films. A number of Australian films with great potential are in production for distribution in FY2020 and beyond, including*: The Dry*; *Miss Fisher and the Crypt of Tears*; and *Penguin Bloom*.

With the support of governments around the world seeing reduced access to pirate sites, the threat of piracy is steadily declining. Creative Content Australia's research has seen a 42% overall reduction in piracy since site blocking laws were enacted in 2016. Almost 1,000 domains have been blocked. Additionally, piracy is no longer the social norm as Creative Content Australia's research in 2012 showed that 66% of Australians agreed that accessing pirate content is 'something that everybody does these days', in 2018 only 32% of Australians agreed with this.

Roadshow has a low-cost investment approach to content creation – while the contribution is small today, there is potential for growth.

Roadshow Rough Diamond continues its development of TV drama for domestic and international audiences, with minimal investment from VRL. *Les Norton* a 10-episode drama series released on the ABC in August has proven popular, and other projects are in development.

Blink TV, which is 50% owned by VRL, produced *Eurovision - Australia Decides*, and *Eurovision 2019* for SBS, with *Eurovision – Australia Decides 2020* and *Eurovision Asia* in development.

FilmNation, which is 31.03% owned by VRL, is continuing its production strategy, with upcoming releases including *Promising Young Woman*, *The Lodge* and *The Personal History of David Copperfield*. FilmNation continues to build its TV slate with projects including *I Know This Much Is True*, *The House of The Spirits* and *Feminist Fight Club.* In addition, FilmNation has partnered with Nordic Entertainment Group to launch a joint venture in the UK, to build a dedicated television content pipeline, while expanding both partners' global footprint.

While the decline in sales of physical DVDs and Blu Ray is expected to continue, Roadshow is working to exploit the increasingly diversified television market as new subscription video on demand ("SVOD") platforms enter the market, to maximise this new revenue stream as a content provider. Roadshow will continue to right-size the overhead structure to maximise efficiencies, including the implementation of a more streamlined management structure from July 2019.

Roadshow's July performance was impacted by softness in the release schedule. Whilst the division is focused on its film acquisition strategy, the FY2020 earnings result is ultimately dependent on the performance of upcoming titles. Key theatrical releases include *IT Chapter* 2, *Birds of Prey*, *Wonder Woman 1984, Joker, Hustlers, Miss Fisher and the Crypt of Tears, and Midway*.

Marketing Solutions
The Marketing Solutions division delivered an FY2019 EBITDA of $5.3 million, down from $8.3 million in FY2018, impacted by lower promotional activity across the year, mostly occurring in the first half.

Key clients for Edge in FY2019 included Harvey Norman, NIB, Compare the Market and Treasury Wine Estates. Edge continues to focus on delivering incentive technologies to drive customer acquisition and retention for Australia's leading brands and retailers. To this end, Edge continues to invest in technical innovation, including the recently launched Mobile Pay, which allows consumers to receive digital cash rewards directly to their native smartphone wallets. The division will focus on driving new business and maximising opportunities with key relationships by solving for the full customer incentive lifecycle with new and existing clients.

As announced on 29 August 2019, the VRL group has signed an agreement to sell Edge Loyalty Systems Pty. Ltd. to Blackhawk Network (Australia) Pty. Ltd. The sale is expected to be completed by November 2019, subject to approval from the Foreign Investment Review Board and other customary closing conditions.

Key clients for Opia include HP, Samsung, LG, Microsoft and Google. Opia is looking to do more with these clients and others, both in existing markets and expanding geographically. The long-term priorities for Opia are to grow the UK and Europe customer base through a focus on relationships with blue-chip clients and new opportunities in the US and South Africa. Current trading expects Opia's FY2020 will see an improvement, with a stronger pipeline of confirmed promotions for FY2020 in the UK, US and Europe.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Other
A continued commitment to cost reduction has seen FY2019 corporate overheads (EBITDA $19.5 million loss) significantly lower than FY2018 (EBITDA $27.6 million loss). This includes savings resulting from the 25% reduction in Executive Directors' base remuneration and Non-Executive Directors' fees, effective July 2018. Other savings have been achieved in Shared Services, Finance, and IT.

FY2018 and FY2019 do not include senior executive bonuses, which will be reinstated in FY2020 if the relevant KPIs are met, and equate to approximately $4 million (maximum) to Corporate executives. FY2020 will include major IT upgrades across all divisions, with the $2 million – $3 million in costs reflected in Digital & IT within Corporate & Other.

Material Items
Material items attributable loss after tax of $27.2 million in FY2019 included the following:
- Gain on disposal from sale and leaseback of property of $10.2 million;
- Impairment of assets and other non-cash adjustments totalling $18.0 million pre-tax, including impairment of assets at Wet'n'Wild Las Vegas of $5.4 million and impairment of goodwill relating to Film Distribution of $10.0 million;
- Other provision adjustments totalling $15.7 million pre-tax, including recognition of financial guarantee liability relating to iPic loan of $8.0 million and recognition of return liability relating to inventory in the Film Distribution division of $7.7 million;
- Restructuring and borrowing costs totalling $11.4 million pre-tax, across the VRL group from the cost management program and refinancing.

Financial Position
During the year ended 30 June 2019, total assets of the consolidated entity decreased by $52.4 million, including a decrease in asset held for sale of $40.6 million due to the sale of Wet'N'Wild Sydney, a decrease in intangible assets of $13.7 million, which was mainly due to impairment of goodwill of $10.0 million, and total liabilities decreased by $93.1 million, including a decrease in interest bearing loans and borrowings of $120.6 million and an increase in trade and other payables of $33.7 million. Also during FY2019, total equity of the consolidated entity increased by $40.7 million to $434.5 million.

The VRL group's net debt as at 30 June 2019 was $219.6 million, giving a gearing ratio of 34%, compared to the prior year's net debt of $338.5 million and gearing ratio of 46%. Of the total debt of $281.3 million, $6.0 million is classified as current liabilities, and $275.2 million is classified as non-current liabilities, which has been determined in accordance with the requirements of the VRL group's relevant finance agreements. In December 2018, the VRL group successfully refinanced its Group finance facility with a syndicate of local and international lenders. The total facility of $340 million includes a three-year revolving facility of $230 million and a five-year term debt facility of $110 million and provides the VRL group with its financing requirements for the medium term.

In FY2019, the VRL Board continued to take proactive steps to reduce group debt levels significantly, which included the 5 for 26 pro-rata accelerated non-renounceable entitlement offer, the sale and leaseback of the Group's drive-in cinema property at Coburg, and the sale of Wet'n'Wild Sydney. The proceeds from all of these transactions were used to reduce group debt.

As profitability and cash flow generation have substantially improved and debt levels have reduced the Board has declared a final FY2019 fully-franked dividend of 5.0 cents per share. The VRL Board is committed to shareholder returns and intends to continue paying dividends subject to performance continuing to meet expectations and available operating free cash flow.

Events Subsequent to Reporting Date
Other than the following, there have been no material transactions which significantly affect the financial or operational position of the consolidated entity since the end of the financial year.

As advised to the Australian Securities Exchange on 29 July 2019, iPic Entertainment Inc. ("iPic") announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. As a result, VRL has made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to the iPic business. The payment by VRL will not have a material impact on VRL's financial covenants. As at 30 June 2019, VRL has recognised the full amount of this financial guarantee liability at $8.0 million, which has been included in material items of income and expense in the Reconciliation of Results on pages 12 and 13. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

As advised to the Australian Securities Exchange on 29 August 2019, the VRL group has signed an agreement to sell its wholly owned promotional solutions agency, Edge Loyalty Systems Pty. Ltd., for an enterprise value of $32.3 million to Blackhawk Network (Australia) Pty. Ltd. Net proceeds from the sale will be used to reduce VRL group debt. The transaction is subject to approval from Australia's Foreign Investment Review Board and other customary conditions, and is expected to complete by November 2019.

Environmental Regulation and Performance
The VRL group was subject to the *National Greenhouse and Energy Reporting Act* for the year ended 30 June 2019, however this has not had any material impact on the VRL group.

OPERATING AND FINANCIAL REVIEW (continued)

Business Objectives and Future Prospects

Strategy/Objectives

The strategy and objectives of the VRL group to enhance shareholder value are summarised as follows:

- Ongoing improvement in sustainable operating earnings and cash flow of each division, including adapting to changing consumer preferences;
- Continued development of innovative and competitive products and services such as higher yielding cinema offerings and site refurbishments in the Cinema Exhibition division, new attractions and events for the Theme Parks division, and ongoing business development for the Marketing Solutions division;
- Ongoing monitoring of opportunities in relation to the Group's involvement in theme parks in China and South East Asia;
- Commitment to delivering enhanced shareholder returns and paying dividends subject to performance continuing to meet expectations and available free cash flow.
- Continuing to manage costs and overheads.

Business Risks

Material business risks that could have an effect on the financial prospects of the VRL group, and the way in which the VRL group seeks to address some of these risks, are as follows:

- Consumer spending – a shift in the patterns with which consumers spend their disposable income could impact the Group in all of its businesses. Historical experience has shown that the Group's entertainment offerings are generally impacted less by economic downturns compared to other discretionary expenditures of consumers;
- Competition – all of the Group's businesses are continuously vying for customers against a wide variety of competitive forces;
- Technology – the media through which people receive entertainment content is ever-changing, with increased digitalisation and portability being key focuses for many consumers, although the appeal of the Group's 'out-of-home' entertainment experiences appear to have reduced the extent and impact of this issue;
- Piracy – the ongoing issue of film piracy poses a challenge to the Group's Cinema Exhibition and Film Distribution businesses, and the VRL group is actively working with other industry participants to reduce the severity of this risk – legislative changes in Australia were implemented in FY2018, which has resulted in a significant number of sites being blocked;
- Lack of quality films – the Cinema Exhibition and Film Distribution businesses are dependent on a solid and reliable flow of quality, high grossing film content. This risk has been partly mitigated in Film Distribution by long term supply contracts with major suppliers, including Warner Bros., and in Cinema Exhibition by new offerings (e.g. **Gold Class, Junior**) and alternative content and uses;
- Film production volatility – film production is an inherently volatile business, which could impact the Cinema Exhibition and Film Distribution divisions;
- Weather – extreme weather events can challenge admission levels at the Group's Theme Parks businesses, with potential customers not travelling to such destinations when the weather is severe, such as floods or cyclones. The VRTP ticketing strategy seeks to partially address this risk by allowing tickets to be utilised when better weather returns;
- International tourism – tourism can be affected by multiple factors including foreign currency exchange rates, severe weather, disease outbreaks and terrorism threats.
- Safety – the Theme Parks and Cinema Exhibition businesses operate public venues and (in the case of Theme Parks) rides and other attractions, with the consequence that there is risk of physical injury or harm. The VRL group takes its commitment to the safety of both its staff and its patrons at all of the Group's venues very seriously, primarily in order to ensure that a safe environment is always provided for patrons and staff, and as a secondary issue, to minimise any adverse legal or reputational consequences of any serious incidents. As demonstrated following the tragedy at Dreamworld in October 2016, the VRL group can still be impacted by issues at non-VRL group attractions; and
- Development and subsequent operation – the building of either new cinema sites or theme parks, both in Australia and overseas, involves inherent risks to such development projects, including cost and time overruns, community distaste for a project, regulatory hurdles and various governmental requirements and permissions, and the subsequent operational performance of the new developments. However, due to the diversity and scale of the VRL group's other businesses, any adverse impact on the Group from any individual development or new operation, whether in Australia or elsewhere, is not expected to be significant, and the expertise and experience of the Group in delivering and operating such projects mitigates this risk. It is noted that the Group does not have any equity investments in its management contracts in Asia.

Future Prospects

Subject to the business risks outlined above, and general economic risks and uncertainties, it is anticipated that the VRL group will produce improved operating profits in FY2020. The Group's brands are well recognised and respected, and all of the Group's businesses are focused on ensuring that their customers have an enjoyable entertainment experience to encourage repeat visitation. The Company is committed to generating sustainable improved operating earnings and cash flows and maintaining an acceptable dividend return to shareholders whilst retaining the flexibility for future expansion options.

SHARE OPTIONS

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 20 to the Financial Statements. Details of share, option and "in-substance option" transactions in relation to Directors and other Key Management Personnel of the consolidated entity are set out in the Remuneration Report.

INDEMNIFYING AND INSURANCE OF OFFICERS AND AUDITORS

Since the commencement of the financial year, the Company has not indemnified any person who is or has been an officer or auditor of the Company or related body corporate against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the Company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an un-allocated group insurance premium which has been paid to insure each of the Directors and Secretaries of the Company or related body corporate against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the Company or related body corporate, other than conduct involving wilful breach of duty.

REMUNERATION REPORT

The Remuneration Report, which forms part of this Directors' Report, is set out on pages 15 to 27.

DIRECTORS' MEETINGS

The following table sets out the attendance of Directors at formal Directors' meetings and committee of Directors' meetings held during the period that the Director held office and was eligible to attend:

NAME OF DIRECTOR	NUMBER OF MEETINGS HELD WHILE IN OFFICE				NUMBER OF MEETINGS ATTENDED			
	Formal	Audit & Risk	Remun-eration	Corporate Governance and Nomination	Formal	Audit & Risk	Remun-eration	Corporate Governance and Nomination
Robert G. Kirby	13	-	-	-	13	-	-	-
Graham W. Burke	13	-	-	-	12	-	-	-
John R. Kirby	13	-	-	-	13	-	-	-
David J. Evans	8	-	1	2	6	-	1	1
Jennifer Fox Gambrell	13	4	3	6	12	4	3	6
Robert Le Tet	13	4	2	8	13	4	2	8
Timothy M. Antonie	13	4	3	8	13	4	3	8
Julie E. Raffe (alternate)	1	-	-	-	1	-	-	-

Procedural meetings attended by a minimum quorum of three Directors to facilitate document execution and incidental matters are not included in determining the number of Directors' meetings held.

TAX CONSOLIDATION

A description of the VRL group's position in relation to Australian Tax Consolidation legislation is set out in Note 5 to the Financial Statements.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration to the Directors of the Company, which forms part of this Directors' Report, is set out on page 14.

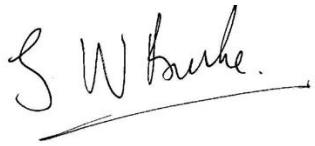
NON-AUDIT SERVICES PROVIDED BY AUDITOR

Details of the non-audit services provided by the auditor are set out in Note 27 to the Financial Statements. The non-audit services summarised in Note 27 were provided by the VRL group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

ROUNDING

The amounts contained in this report and in the Financial Statements have been rounded (where applicable) to the nearest thousand dollars (unless stated otherwise) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors at Melbourne this 29th day of August 2019.



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G.W. Burke
Director

RECONCILIATION OF RESULTS

For the year ended 30 June 2019

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(i) Reconciliation of results:												
Continuing Operations:												
Earnings before Interest, Tax, Depreciation and Amortisation, excluding material items of income and expense ("EBITDA")	76,541	38,308	53,909	58,078	8,616	13,828	5,265	8,282	(19,472)	(27,633)	124,859	90,863
Depreciation and amortisation	(45,828)	(46,644)	(17,393)	(17,391)	(3,563)	(3,210)	(1,736)	(1,789)	(1,904)	(1,705)	(70,424)	(70,739)
Finance costs before finance restructuring costs	(17,947)	(16,298)	(3,990)	(4,659)	(4,571)	(4,440)	(3,206)	(2,461)	(115)	(2,777)	(29,829)	(30,635)
Interest income	148	188	152	149	634	573	57	50	380	366	1,371	1,326
Operating profit (loss) before tax and material items of income and expense	12,914	(24,446)	32,678	36,177	1,116	6,751	380	4,082	(21,111)	(31,749)	25,977	(9,185)
Income tax (expense) benefit, excluding material items	(5,314)	5,565	(9,773)	(11,932)	(600)	(2,165)	(427)	(1,303)	10,431	12,556	(5,683)	2,721
Operating profit (loss) after tax, before material items of Income and expense	7,600	(18,881)	22,905	24,245	516	4,586	(47)	2,779	(10,680)	(19,193)	20,294	(6,464)
Non-controlling interest, excluding material items	622	12	-	-	-	-	(336)	(842)	-	-	286	(830)
Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")	8,222	(18,869)	22,905	24,245	516	4,586	(383)	1,937	(10,680)	(19,193)	20,580	(7,294)
Material items of income and expense before tax	(8,877)	(137,576)	9,933	156,711	(21,542)	(33,214)	(614)	(1,918)	(15,677)	(2,955)	(36,777)	(18,952)
Income tax benefit – material items	1,032	19,675	95	63	3,462	964	162	416	2,152	887	6,903	22,005
Material items of income and expense after tax	(7,845)	(117,901)	10,028	156,774	(18,080)	(32,250)	(452)	(1,502)	(13,525)	(2,068)	(29,874)	3,053
Material items – non-controlling interest	2,687	4,225	-	-	-	-	32	235	-	-	2,719	4,460
Material items – (loss) profit after tax & non-controlling interest	(5,158)	(113,676)	10,028	156,774	(18,080)	(32,250)	(420)	(1,267)	(13,525)	(2,068)	(27,155)	7,513
Total loss before tax from continuing operations	4,037	(162,022)	42,611	192,888	(20,426)	(26,463)	(234)	2,164	(36,788)	(34,704)	(10,800)	(28,137)
Total income tax benefit from continuing operations	(4,282)	25,240	(9,678)	(11,869)	2,862	(1,201)	(266)	(887)	12,584	13,443	1,220	24,726
Total non-controlling interest	3,309	4,237	-	-	-	-	(304)	(607)	-	-	3,005	3,630
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	3,064	(132,545)	32,933	181,019	(17,564)	(27,664)	(804)	670	(24,204)	(21,261)	(6,575)	219
Discontinued Operations:												
Attributable profit after tax from discontinued operations											-	-
Net (loss) profit attributable to the members of Village Roadshow Limited											(6,575)	219

RECONCILIATION OF RESULTS (continued)

For the year ended 30 June 2019

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(ii) Material items of income and expense from continuing operations:												
Gain on disposal from sale and leaseback of property / asset held for sale	-	-	10,248	154,006	-	-	-	-	-	-	10,248	154,006
(Loss) gain on disposal of businesses	(1,928)	-	-	2,916	-	-	-	-	-	-	(1,928)	2,916
Impairment and other non-cash adjustments	(5,685)	(133,456)	-	-	(11,819)	(32,526)	-	(1,453)	(477)	-	(17,981)	(167,435)
Other provision adjustments	-	-	-	-	(7,688)	-	-	-	(8,026)	-	(15,714)	-
Restructuring costs	(1,264)	(4,120)	(315)	(211)	(2,035)	(688)	(614)	(465)	(7,174)	(2,955)	(11,402)	(8,439)
Total loss from material items of income and expense before tax	(8,877)	(137,576)	9,933	156,711	(21,542)	(33,214)	(614)	(1,918)	(15,677)	(2,955)	(36,777)	(18,952)
Income tax benefit	1,032	19,675	95	63	3,462	964	162	416	2,152	887	6,903	22,005
Total non-controlling interest – material items	2,687	4,225	-	-	-	-	32	235	-	-	2,719	4,460
Total attributable (loss) profit from material items of income and expense after tax	(5,158)	(113,676)	10,028	156,774	(18,080)	(32,250)	(420)	(1,267)	(13,525)	(2,068)	(27,155)	7,513
(iii) (Loss) earnings per share:												
Basic EPS											(3.4c)	0.14c
Diluted EPS											(3.4c)	0.14c
(iv) Earnings (loss) per share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:												
Basic EPS											10.7c	(4.5c)
Diluted EPS											10.7c	(4.5c)

Note:

The Village Roadshow Limited group ("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 before 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 audited financial statements.

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

As lead auditor for the audit of the financial report of Village Roadshow Limited for the financial year ended 30 June 2019, 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 audit; and

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

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

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
Melbourne
29 August 2019

REMUNERATION REPORT

STRUCTURE OF THIS REPORT

The information in this Remuneration Report ("Report") for the year ended 30 June 2019 ("FY2019") has been audited as required by Section 308(3C) of the *Corporations Act 2001* ("the Act") and forms part of the Directors' Report in accordance with Section 300A of the Act. The Report is organised as follows:

1. Scope of the Remuneration Report	
2. Remuneration strategy and governance	(a) Remuneration framework summary (b) Remuneration governance (c) Changes implemented in FY2019 (d) Changes effective for FY2020
3. Remuneration framework	(a) Fixed compensation (b) Short-term incentives (c) Long-term incentives
4. Remuneration outcomes and corporate performance	(a) Performance against financial metrics (b) Remuneration outcomes compared to metrics (c) Remuneration of Key Management Personnel (d) Five year company performance
5. Employment contracts	(a) Executive Directors (b) Executive Committee
6. KMP transactions and holdings	(a) Ordinary shares held by KMP (b) 'In substance options' held by KMP (c) Options over ordinary shares held by KMP
7. Non-executive director remuneration	(a) Remuneration summary (b) Directors' Share Plan
8. Other transactions with KMP	

1. SCOPE OF THE REMUNERATION REPORT

This Report details the remuneration arrangements for directors and senior executives of VRL. These key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities ("the Group", "VRL group" or "consolidated entity"). The names, positions, and terms of KMP active during FY2019 are as follows:

Name	Title/Position	Started as KMP	Cessation	Current Category
Robert G. Kirby	Chairman	5 July 2001	-	Executive Director
Graham W. Burke	CEO	9 September 1988	-	Executive Director
Clark J. Kirby	Chief Executive Officer, Village Roadshow Theme Parks	1 December 2010	-	Executive Committee Member
Julie E. Raffe	Finance Director	28 September 1992	-	Executive Committee Member
Simon T. Phillipson	General Counsel	13 May 1996	-	Executive Committee Member
John R. Kirby	Non-Executive Director	12 August 1988	-	Non-Executive Director
David J. Evans	Independent Director	2 January 2007	22 November 2018	Non-Executive Director
Robert Le Tet	Independent Director	2 April 2007	-	Non-Executive Director
Timothy M. Antonie	Lead Independent Director	1 December 2010	-	Non-Executive Director
Jennifer Fox Gambrell	Independent Director	19 November 2015	-	Non-Executive Director

Mr D. J. Evans retired as a Non-Executive Director on 22 November 2018.

2. REMUNERATION STRATEGY AND GOVERNANCE

(a) Remuneration framework summary

The Board is committed to transparent and constructive relationships with shareholders, and regularly reviews remuneration arrangements, to ensure they meet the needs of the business and shareholder expectations. The Group's remuneration strategy is to provide a locally and internationally competitive offer, with a significant 'at-risk' component to motivate short and long-term performance in line with its business strategy. The Group's businesses are global, competitive, complex and fast-moving, with ongoing changes in consumer behaviour and technology creating new challenges for operators. The Board is conscious of the need to attract and retain talented senior executives in a global marketplace where industry experience and networks are critical to success. As a result, VRL benchmarks its senior executive roles against both international and local comparators. There are few directly comparable businesses operating in the Australian market, particularly in relation to the breadth of the operations. The challenges, and the opportunities, that this mix of characteristics brings results in the need for remuneration generally being higher than local senior executive roles for businesses of comparable size.

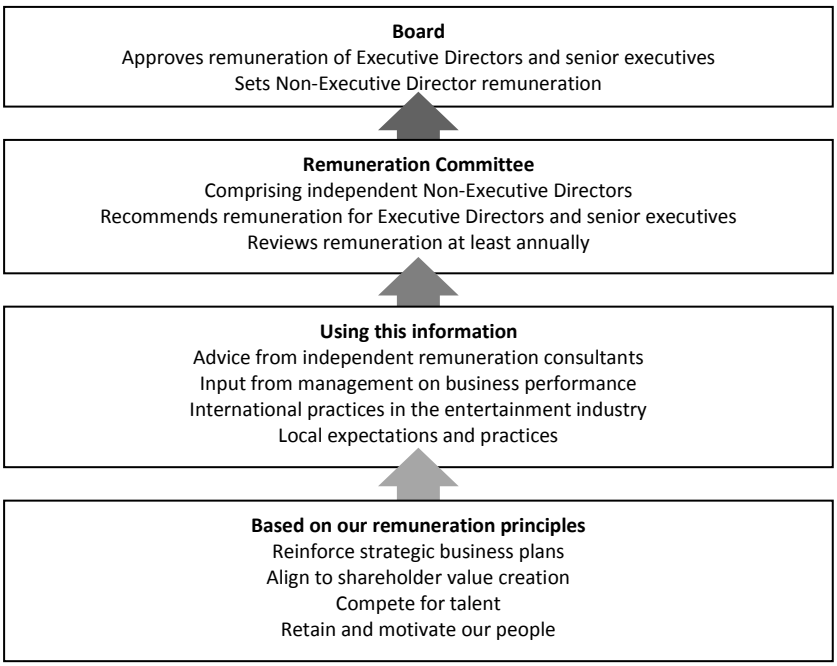
The Group's remuneration strategy is designed to motivate executives to deliver shareholder value in the short and long-term. The 'at-risk' component of executive remuneration in FY2019 is payable based on achieving the VRL group's FY2019 EBITDA budget. Executives also hold substantial interests in the Company in the form of shares and options, further aligning their interests to those of the shareholders, and are prohibited from hedging those interests while in office.

The Group's executive remuneration framework is as shown in the table below. The overall Group remuneration objective is to reinforce the short, medium and long-term financial targets and business strategies of the Group and provide a common interest between executives and shareholders by aligning the rewards that accrue to executives with the creation of value for shareholders.

	OBJECTIVE		
	Provide competitive, fair and appropriate compensation	Link remuneration to operational goals and individual performance	Align to shareholder wealth creation
Remuneration structure	BASE REMUNERATION	'AT-RISK' REMUNERATION	
		Short-term incentives	Long-term incentives
Remuneration components	Base salary, superannuation and benefits	Annual cash bonuses	Shares and options
Purpose	Reward for role, size and complexity, individual contribution and competence	Reward for contribution to annual targets and individual performance demonstrated	Reward for creation of long-term, sustainable growth

(b) Remuneration governance

A summary of the Group's remuneration governance is set out below. The charter, role, responsibilities, operation and membership of the Remuneration Committee of the Board are set out in the Company's Corporate Governance Statement which is available on the Company's website at **www.villageroadshow.com.au**.



2. REMUNERATION STRATEGY AND GOVERNANCE (continued)

(c) Changes implemented in FY2019

Effective 1 July 2018, the Company implemented changes to the remuneration framework to further align executive interests with those of shareholders, particularly having regard to the operating performance in FY2018. These changes were:

(i) The base remuneration for each of the Executive Directors was decreased by 25% from $1,725,030 to $1,293,770 per annum (base remuneration excludes a superannuation amount of $25,000 per annum);

(ii) The Short-term incentive ("STI") plan for the Executive Directors and Executive Committee Members was based on achieving the VRL group's FY2019 EBITDA budget;

(iii) The Executive Directors entered into new contracts on the above terms with effect from 1 July 2018;

(iv) No increase in fixed compensation for KMP who were eligible to participate in the FY2019 STI; and

(v) It was agreed that Executive Share Plan ("ESP") allocations would be done on an annual basis.

The Non-Executive Directors also agreed to reduce their Board and Committee fees by 25% for FY2019.

All other employment contractual conditions remained in place on existing terms, including the STI clawback policy for all KMP.

(d) Changes effective for FY2020

(i) The above arrangements will continue in FY2020 for Executive Directors, Executive Committee Members and Non-Executive Directors, except that the STI for the Executive Directors and Executive Committee Members will be based on achieving the VRL group's FY2020 EBITDA budget and not exceeding FY2020 budget capital expenditure; and

(ii) No increase in fixed compensation for KMP.

3. REMUNERATION FRAMEWORK

The Group's remuneration framework for FY2019 is set out below and has three components: fixed compensation, short-term incentives ("STI") and long-term incentives ("LTI").

(a) Fixed compensation

Objective	Provide a level of fixed compensation which is fair, reasonable and appropriate to attract and retain executives having regard to the seniority of the position, and the competitiveness of the market (both locally and globally where appropriate).
Composition	Cash, superannuation, insurance, car allowance or lease and other fringe benefits.
Benchmarks	Reviewed annually by the Remuneration Committee based on the scale and complexity of the role, benchmarked against comparable roles in the international and local market and having regard to VRL group's operating performance. Fixed compensation is set taking into account the levels of STI and LTI opportunities.

The Group provides benefits such as vehicles maintained by the Group, vehicle leases or car allowances as part of fixed remuneration. Superannuation or retirement benefit amounts within statutory limits are also paid, including various ancillary insurance covers.

The grossed-up taxable values of these benefits have been included as a non-monetary benefit, with the details of the value of these benefits set out on pages 21 and 22 of this Report.

(b) Short-term incentives

Objective	Link executive remuneration to the achievement of annual operational targets. Levels are set by balancing the incentive offered with the cost to the Group, and to ensure that a large proportion of an executive's remuneration is 'at-risk', with the proportion 'at-risk' increasing with the seniority of the executive.		
Eligibility	Senior executives.		
Opportunity	Executive Directors – 100% of base remuneration (excluding superannuation) Executive Committee Members - 100% of base remuneration (excluding superannuation)		
Performance measures	**Measure**	**Calculation**	**% component**
	Earnings before interest, tax, depreciation and amortisation ("EBITDA")	EBITDA, excluding material items of income and expense and discontinued operations.	100% if EBITDA budget achieved

3. REMUNERATION FRAMEWORK (continued)

(b) Short-term incentives (continued)

Clawback	There is a Clawback policy in respect of incentives provided to executives within the Group in the event that there is an amendment to previously reported results.
Review	Proposed bonus payments to Executive Committee Members are reviewed and approved by the Remuneration Committee.
Compensation for deferred grant date	With the appointment of Ms. J.E. Raffe as Finance Director of the Company in May 2012, Ms. Raffe's proposed ESP allocation was delayed from the June 2012 ESP allotment to other Executive Committee members, granted at $3.14, to 29 November 2012 to allow for shareholder approval at the Company's 2012 annual general meeting, following which the ESP shares were issued at $3.78. The Company agreed to compensate Ms. Raffe with an additional bonus at the time of her future sale of these ESP shares for the additional value, if any, foregone by the deferred grant date. This potential bonus payment to Ms. Raffe represents a cash-settled share-based payment estimated to be a maximum of $275,439, to be re-assessed at each financial year for changes in expected probability of payment. The fair value of this additional bonus amount was estimated on the basis of the estimated after-tax impact of $0.64 per share, being the difference between $3.78 and $3.14, and is accrued for over the 5 years from date of grant, being nil for the 2019 financial year (2018: $7,597).

(c) Long-term incentives

(i) Executive Share Plan ("ESP")

Objective	Retention of key executive talent and alignment with interests of shareholders, which encourages a sense of ownership by the holders. Shares may be allotted annually based on seniority, personal and company performance factors.
Eligibility	All Executive Committee Members and other executives.
Instrument	The Remuneration Committee issues restricted shares for purchase by executives using a limited recourse loan. The shares are held directly by the executive who pays for the allotment by obtaining a loan from the consolidated entity which holds security over the shares. Under the terms of that loan, the holder is restricted from selling or otherwise dealing with the shares while they are restricted. Any value accruing to the recipient is derived from improvement in the Company's share price and dividends and distributions by the Company.
Grant value	On 7 December 2018, an allotment of 200,000, 150,000 and 200,000 shares was made to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.50 per share. The fair value of each 'in-substance' option estimated at the date of the issue was $0.59, $0.61 and $0.62 for tranches 1, 2 and 3 respectively. There were no long-term incentive plan allocations during the year ended 30 June 2018 to any Executive Committee Member. For details of current grants to Executive Committee Members, see 'In Substance Options' on page 25 of this Report. The notional adjusted equity value of ESP allotments and the percentage of each Executive Committee Member's total remuneration under the LTI are detailed on pages 21 and 22 of this Report.
Grant price	Shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The loans issued prior to 1 July 2016 bear interest at the lower of twenty cents and the cash dividend paid per share per annum and the first twenty cents of dividends per share per year is used to repay the interest charged. 50% of the remaining dividend per share is used to repay the capital amount of the loan. If the loan balance owing falls below $2.00 per share, the interest rate becomes 10% of the balance owing on the loan. All loans issued post 1 July 2016 bear interest at the lower of twenty five cents and the cash dividend paid per share per annum. The first twenty five cents of dividends per share per interest year is used to repay the interest charged, and 50% of the remaining dividend per share is used to repay the capital amount of the loan. If the loan balance owing falls below $2.50 per share, the interest rate becomes 10% of the balance owing on the loan.
Vesting schedule	For allotments made prior to 1 July 2016, one third of the grant is earned and becomes exercisable at the end of years 3, 4 and 5 from the date of issue. For allotments made after 1 July 2016, on the third anniversary of the date of issue and each of the following two anniversaries, up to one third of the shares will become exercisable providing pre-determined Total Shareholder Return ("TSR") hurdles are satisfied.

3. REMUNERATION FRAMEWORK (continued)

(c) Long-term incentives (continued)

(i) Executive Share Plan ("ESP") (continued)

Performance hurdles	There are no specific performance conditions for the removal of restrictions over shares granted under the ESP prior to 1 July 2016. Allotments granted after 1 July 2016 are subject to TSR hurdles on the third, fourth and fifth anniversary of the share issue. The hurdle compares the Company's TSR against the TSR for an ASX Comparison Group for the equivalent period. If the Company's TSR equals or exceeds the 50% median ASX Comparison Group, then 50% of the relevant tranche will become exercisable. If the TSR equals or exceeds the 75% median of the Comparison Group then 100% of the tranche will become exercisable. If the Company's TSR falls between those two levels, a pro-rata proportion will become free of restrictions. If the TSR is negative or below the 50% median of the Comparison Group, that tranche will not vest.
Termination / forfeiture	If the Executive Committee Member resigns or is dismissed, the restricted shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by the Company's Remuneration Committee. If the market value of the remaining shares at the end of the six month period is less than the amount owing on the loan, the Company buys back the shares and cancels them in repayment of the loan without further recourse to the former Executive Committee Member. There are no provisions for the automatic removal of holding restrictions on the relevant shares in the event of a change of control of the Company.
Hedging	Consistent with the *Corporations Act 2001*, Executive Committee participants are prohibited from hedging their ESP shares.
Dilution	The ESP allows for the issue of up to 5% of the Company's issued shares to executives and employees of the consolidated entity and significant associated entities.
Valuation	The fair value of these 'in substance option' grants are amortised on a straight-line basis over five years. The Group does not consider it is appropriate to ascribe a 'value' to the LTI for remuneration purposes other than the amortised fair value measurement in accordance with the provisions of AASB 2: *Share-based Payment.* From 1 January 2005, options or 'in substance options' granted have been valued using the Black Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The Group has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted after 7 November 2002 which had not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these are all required to be accounted for and valued as equity-settled options. For the purpose of this Report, these have been referred to as 'in substance options' even where the equity instrument itself is not a share option.

(ii) CEO Option Plan

Objective	Retention of key executive talent and alignment of interests with shareholders. In October 2012, the employment contract of Mr. Graham Burke was extended to December 2017 and included a replacement option plan for the previously expired option plan.
Eligibility	Mr. Graham Burke
Instrument	Options over ordinary shares. The options were not transferable and did not confer any right to participate in bonus issues or cash issues of ordinary shares. They did not carry voting or dividend rights and were not listed for quotation on ASX. All options under this option plan have either lapsed or been exercised and none remain at 30 June 2019.
Grant value	4.5 million options were issued on 29 November 2012. The fair value of each option estimated at date of grant on 29 November 2012 was $0.73, $0.74 and $0.75 for Tranches 1, 2 and 3 respectively. The notional adjusted equity value of the option allotment and the percentage of Mr. Burke's total remuneration are detailed on pages 21 and 22 of this Report.
Grant price	The option exercise price was adjusted for discounted cash issues, and the number of shares issued on exercise of an option adjusted for bonus issues of shares. The options were initially exercisable at $3.76 per share. Following the $0.25 per share reduction of share capital approved by shareholders at the Annual General Meeting on 29 November 2013, the exercise price of the options was reduced to $3.51 per share, effective from 31 December 2013. Following the pro-rata non-renounceable 5 for 26 rights issue in July 2018, the exercise price of the remaining options was reduced to $3.41.
Hedging	Consistent with the *Corporations Act* 2001 and under the terms of the Option Plan, Mr. Burke was prohibited from hedging his unvested options.

3. REMUNERATION FRAMEWORK (continued)

(c) Long-term incentives (continued)

(ii) CEO Option Plan (continued)

Other than the CEO Option Plan outlined above, the Executive Directors do not have any other LTI's, however as noted on page 5 of the Directors' Report, given the Executive Directors' shareholdings, their long-term interests are aligned with other shareholders.

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE

The Group's focus is on the execution of its strategy, and on driving earnings and free cash flow. VRL's recovery continued in FY2019 as the Group's divisions focus on their core business. The Group's largest division (Theme Parks) is reaping the rewards of an ongoing strategy implemented over the last two-years focused on differentiating the theme park offering. After a strong first half FY2019 for the Group's Cinema Exhibition division, the second half of FY2019 fell short of expectations. The Film Distribution and Marketing Solutions divisions were impacted by soft trading in FY2019. In aggregate the Group delivered an increased trading result for FY2019, despite reporting an attributable net loss after tax and material items.

These results and achievements are reflected in executive remuneration outcomes, as outlined below.

(a) Performance against financial metrics

EBITDA, excluding material items of income and expense and discontinued operations $124.9 million

(b) Remuneration outcomes compared to metrics

Executive remuneration outcomes for FY2019 compared to the Company's metrics are outlined below.

(i) Short-term incentives ("STI")

Short-term incentive components	% 'at-risk' for Executive Directors	% 'at-risk' for Executive Committee Members	Earned/Awarded
EBITDA	100%	100%	Not earned

(ii) Long-term incentives ("LTI")

Executive Share Plan

Executive Committee Members can participate in the ESP, together with other executives from across the Group. ESP shares may be allotted annually based on seniority, personal and company performance factors.

On 7 December 2018, an allotment of 200,000, 150,000 and 200,000 shares was made to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.50 per share. The fair value of each 'in-substance' option estimated at the date of the issue was $0.59, $0.61 and $0.62 for tranches 1, 2 and 3 respectively.

There were no long-term incentive plan allocations during the year ended 30 June 2018 to any Executive Committee Member.

CEO option plan

The CEO option plan consisted of 4.5 million options granted to Mr. Graham Burke in 2012 with vesting occurring in three tranches on 1 March 2016, 2017 and 2018. Vesting was subject to performance hurdles based on the Compound Annual Growth Rate of both earnings per share and dividends. For more details on the Option Plan, refer to page 19.

In the year ended 30 June 2018, 50% of tranche 3 vested because the Dividend per Share ("DPS") hurdle was met, and 50% did not vest because the EPS hurdle was not met. None of the vested options were exercised before the 1 March 2019 expiry date.

All options under this option plan have either lapsed or been exercised and none remain at 30 June 2019.

(c) Remuneration of Key Management Personnel

The following tables show the total remuneration for all KMP for FY2019 and FY2018 calculated in accordance with Australian Accounting Standards.

REMUNERATION REPORT (continued)

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(c) Remuneration of Key Management Personnel (continued)

Compensation of Key Management Personnel of the Company and the Group for the year ended 30 June 2019

				SHORT-TERM BENEFITS				POST EMPLOYMENT		LONG-TERM BENEFITS					
NAME	POSITION (positions do not necessarily co-incide with employment dates)	YEAR	NOTE	Salary & Fees	Cash Bonus S.T.I.	Non-monetary Benefits	Other	Super-annuation	Retirement Benefits	Incentive Plans	Leave Accruals [4]	TERMIN-ATION PAYMENT	L.T.I SHARE-BASED PAYMENT	TOTAL	TOTAL % PERFOR-MANCE RELATED PAY
Directors															
Robert G. Kirby	Executive Chairman	2019		1,293,769	-	30,395	-	25,000	-	-	(102,299)	-	-	1,246,865	-
	KMP since 05/07/2001	%		103.75	-	2.44	-	2.01	-	-	(8.20)	-	-	100.00	
Graham W. Burke	Chief Executive Officer	2019		1,298,239	-	55,269	-	20,531	-	-	(123,913)	-	-	1,250,126	-
	KMP since 09/09/1988	%		103.85	-	4.42	-	1.64	-	-	(9.91)	-	-	100.00	
	Executive Director Subtotals			**2,592,008**	**-**	**85,664**	**-**	**45,531**	**-**	**-**	**(226,212)**	**-**	**-**	**2,496,991**	
John R. Kirby	Non-executive Director	2019		89,041	-	2,706	-	8,458	-	-	-	-	-	100,205	-
	KMP since 12/08/1988	%		88.86	-	2.70	-	8.44	-	-	-	-	-	100.00	
David J. Evans	Independent Director	2019		40,482	-	-	-	3,846	-	-	-	-	-	44,328	-
	KMP from 02/01/2007 to 22/11/2018	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
Jennifer Fox Gambrell	Independent Director	2019	1	-	-	-	118,635	-	-	-	-	-	-	118,635	-
	KMP since 19/11/2015	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Robert Le Tet	Independent Director	2019	1	-	-	-	121,590	-	-	-	-	-	-	121,590	-
	KMP since 02/04/2007	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Timothy M. Antonie	Independent Director	2019		136,986	-	-	-	13,014	-	-	-	-	-	150,000	-
	KMP since 01/12/2010	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
	Non-Executive Director Subtotals			**266,509**	**-**	**2,706**	**240,225**	**25,318**	**-**	**-**	**-**	**-**	**-**	**534,758**	
	Director Subtotals			**2,858,517**	**-**	**88,370**	**240,225**	**70,849**	**-**	**-**	**(226,212)**	**-**	**-**	**3,031,749**	
Executives															
Julie E. Raffe	Finance Director	2019	2, 3	785,677	-	35,214	4,856	25,000	-	-	46,836	-	23,918	921,501	2.60%
	KMP since 28/09/1992	%		85.26	-	3.82	0.53	2.71	-	-	5.08	-	2.60	100.00	
Simon T. Phillipson	General Counsel and Company Secretary	2019	2, 3	633,326	-	28,971	3,453	25,000	-	-	30,358	-	37,753	758,861	4.97%
	KMP since 13/05/1996	%		83.46	-	3.82	0.46	3.29	-	-	4.00	-	4.97	100.00	
Clark J. Kirby	Chief Executive Officer, Theme Parks	2019	2, 3	991,843	-	1,353	638	25,000	-	-	(72,298)	-	81,221	1,027,757	7.90%
	KMP since 01/12/2010	%		96.51	-	0.13	0.06	2.43	-	-	(7.03)	-	7.90	100.00	
	Executive Committee Subtotals			**2,410,846**	**-**	**65,538**	**8,947**	**75,000**	**-**	**-**	**4,896**	**-**	**142,892**	**2,708,119**	
Total for Key Management Personnel for 2019				**5,269,363**	**-**	**153,908**	**249,172**	**145,849**	**-**	**-**	**(221,316)**	**-**	**142,892**	**5,739,868**	

1 Includes value of shares issued under the Directors' Share Plan.
2 Includes amortised value of share-based payment under the Executive Share Plan.
3 Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.
4 Includes movement in annual leave and long service leave accruals.

REMUNERATION REPORT (continued)

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(c) Remuneration of Key Management Personnel (continued)

Compensation of Key Management Personnel of the Company and the Group for the year ended 30 June 2018

				SHORT-TERM BENEFITS				POST EMPLOYMENT		LONG-TERM BENEFITS					
NAME	POSITION (positions do not necessarily co-incide with employment dates)	YEAR	NOTE	Salary & Fees	Cash Bonus S.T.I.	Non-monetary Benefits	Other	Super-annuation	Retirement Benefits	Incentive Plans	Leave Accruals [6]	TERMIN-ATION PAYMENT	L.T.I. SHARE-BASED PAYMENT	TOTAL	TOTAL % PERFOR-MANCE RELATED PAY
Directors															
Robert G. Kirby	Executive Chairman	2018	4, 7	1,717,186	-	56,499	-	25,000	-	-	87,126	-	-	1,885,811	-
	KMP since 05/07/2001	%		91.05	-	3.00	-	1.33	-	-	4.62	-	-	100.00	
Graham W. Burke	Chief Executive Officer	2018	2, 7	1,722,137	-	178,526	-	20,049	-	-	100,013	-	(419,969)	1,600,756	(26.23%)
	KMP since 09/09/1988	%		107.58	-	11.15	-	1.25	-	-	6.25	-	(26.23)	100.00	
	Executive Director Subtotals			**3,439,323**	**-**	**235,025**	**-**	**45,049**	**-**	**-**	**187,139**	**-**	**(419,969)**	**3,486,567**	
John R. Kirby	Deputy Chairman, Non-executive Director	2018		118,721	-	3,484	-	11,279	-	-	-	-	-	133,484	-
	KMP since 12/08/1988	%		88.94		2.61	-	8.45	-	-	-	-	-	100.00	
David J. Evans	Independent Director	2018		141,552	-	-	-	13,448	-	-	-	-	-	155,000	-
	KMP since 02/01/2007	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
Jennifer Fox Gambrell	Independent Director	2018	1	-	-	-	139,993	-	-	-	-	-	-	139,993	-
	KMP since 19/11/2015	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Robert Le Tet	Independent Director	2018	1	-	-	-	149,991	-	-	-	-	-	-	149,991	-
	KMP since 02/04/2007	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Timothy M. Antonie	Independent Director	2018		178,082	-	-	-	16,918	-	-	-	-	-	195,000	-
	KMP since 01/12/2010	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
	Non-Executive Director Subtotals			**438,355**	**-**	**3,484**	**289,984**	**41,645**	**-**	**-**	**-**	**-**	**-**	**773,468**	
	Director Subtotals			**3,877,678**	**-**	**238,509**	**289,984**	**86,694**	**-**	**-**	**187,139**	**-**	**(419,969)**	**4,260,035**	
Executives															
Julie E. Raffe	Finance Director	2018	3, 4	781,889	-	36,759	5,304	25,000	-	-	62,615	-	22,399	933,966	2.40%
	KMP since 28/09/1992	%		83.71	-	3.94	0.57	2.68	-	-	6.70	-	2.40	100.00	
Simon T. Phillipson	General Counsel	2018	3, 4	630,242	-	28,976	3,698	25,000	-	-	59,753	-	38,825	786,494	4.94%
	KMP since 13/05/1996	%		80.13	-	3.68	0.47	3.18	-	-	7.60	-	4.94	100.00	
Clark J. Kirby	Chief Executive Officer, Theme Parks	2018	3, 4, 5	863,781	-	32,012	66,049	25,000	-	-	169,720	-	106,692	1,263,254	8.45%
	KMP since 01/12/2010	%		68.37	-	2.53	5.23	1.98	-	-	13.44	-	8.45	100.00	
Alistair Bennallack	Chief Financial Officer	2018	3, 4	257,973	-	38,975	839	12,500	-	-	4,087	-	23,063	337,437	6.83%
	KMP from 26/10/2015 to 31/12/2017	%		76.46	-	11.55	0.25	3.70	-	-	1.21	-	6.83	100.00	
	Executive Committee Subtotals			**2,533,885**	**-**	**136,722**	**75,890**	**87,500**	**-**	**-**	**296,175**	**-**	**190,979**	**3,321,151**	
Total for Key Management Personnel for 2018				**6,411,563**	**-**	**375,231**	**365,874**	**174,194**	**-**	**-**	**483,314**	**-**	**(228,990)**	**7,581,186**	

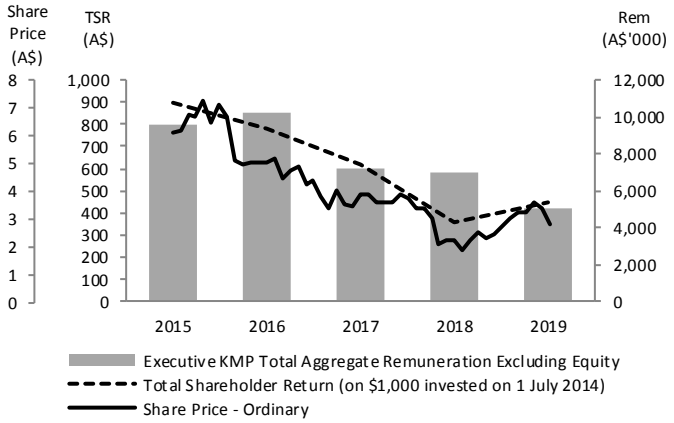
1 Includes value of shares issued under the Directors' Share Plan.
2 Includes amortised value of share-based payment of options over ordinary shares.
3 Includes amortised value of share-based payment under the Executive Share Plan.
4 Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.
5 Includes living-away-from-home allowance.
6 Includes movement in annual leave and long service leave accruals.
7 Co-Executive Chairman and Co-CEO to 22 August 2018

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(d) Five year company performance

Aggregate Executive KMP Remuneration compared to TSR and Share Price

The chart reflects the Total Shareholder Return ("TSR") of the Company for the current reporting period and in each of the four preceding years, based on the investment of $1,000 in ordinary shares on 1 July 2014. It also shows the share price movement of the Company's ordinary shares over the five years to 30 June 2019, historically adjusted downwards for returns of capital and special dividend payments over the period.

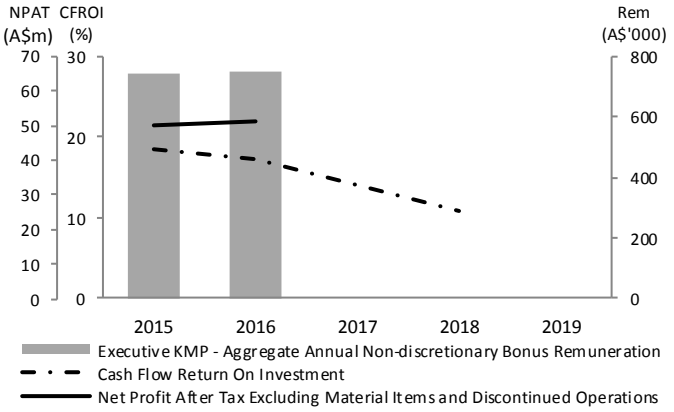


Total Shareholder Return and adjusted Ordinary share price month end closing price history – IRESS

The bar chart shows the total aggregate annual remuneration, including STI bonuses, of the Executive Directors and Executive Committee Members during FY2019 and the four preceding years for the KMP in each year. Excluded from the total aggregate remuneration is the notional value of share-based payments and any termination or retirement benefits. Over this five year period the Company's share price and TSR has been somewhat volatile with a substantial reduction up to FY2018 but with an improvement in FY2019, whilst aggregate remuneration has reduced due to voluntary reductions in fixed remuneration and to the composition of the KMP in prior years.

Executive KMP Non-discretionary STI Remuneration compared to NPAT and CFROI

The STI amounts for Executive KMP shown in the chart represents the STI amounts accrued for the year to which the payment relates. The chart reflects the total aggregate annual STI bonus remuneration of the Executive Directors and Executive Committee Members for the 2019 financial year and each of the four preceding years, based on KPIs that are directly linked to the financial performance of the Group. The STI bonus amounts shown in the chart have been normalised where applicable to exclude discretionary STI bonus amounts for the achievement of individual, personal KPIs of relevant Executive KMP, so that the STI bonus payments displayed in the chart are only those elements that relate to Group's financial performance benchmarks for the relevant year. There were no STI bonus payments to any KMP in FY2017 to FY2019.



The chart also shows the Group's attributable net profit after tax, before material items and discontinued operations ("NPAT") over the two year period to FY2016, as reported for the year in relation to which the remuneration was paid. This component was amended with effect from 1 July 2016 to be based on attributable net profit after tax, including material items ("Attributable NPAT") over a two year period to FY2018. As a result of the Group's performance over that period, nothing was earned from this component in FY2017 and FY2018. In FY2019, this component was amended with effect from 1 July 2018 to be based on achieving the VRL group's FY2019 EBITDA budget. As a result of VRL group's EBITDA being below the FY2019 budget, nothing was earned from this component in FY2019. Due to the change in measurement basis, the Attributable NPAT for FY2017, FY2018 and EBITDA for FY2019 have not been shown in the above chart.

The chart also shows Cash Flow Return on Investment ("CFROI") over the relevant five year period. This component was amended with effect from 1 July 2018 and is no longer a performance measure in the determination of FY2019 STI amounts. It is noted that 70.2% and 54.8% of the CFROI component of the STI bonus amount for FY2017 and FY2018 years, respectively, were earned however the Executive KMP declined to accept these bonus entitlements, which totalled $602,675 in relation to FY2018 and $766,438 in relation to FY2017. The reduction in the quantum of STI bonus payments (directly linked to financial performance) over recent years reflects the overall performance of the Group on these NPAT/Attributable NPAT/EBITDA and CFROI hurdles. The above chart demonstrates the financial performance of the Group over a five year period and broadly tracks the variable 'at-risk' STI performance outcomes for the Executive Directors and Executive Committee Members and reflects the alignment of the interests of those relevant Executives with those of shareholders.

5. EMPLOYMENT CONTRACTS

Compensation and other terms of employment for the Group's Executives are formalised in employment contracts, which are reviewed by the Remuneration Committee. The major provisions of the employment contracts relating to compensation are as set out below.

5. EMPLOYMENT CONTRACTS (continued)

(a) Executive Directors

The ongoing employment contracts dealing with remuneration of VRL's two Executive Directors, Mr. Robert Kirby and Mr. Graham Burke, set out a base remuneration package, and an annual capped incentive performance bonus payable on the Company achieving EBITDA budget for the financial year and there is no provision for pre-determined compensation in the event of termination.

(b) Executive Committee

Mr. C.J. Kirby, Mr. S.T. Phillipson and Ms. J.E. Raffe have ongoing employment agreements with the Company with no fixed expiry dates. These provide for base salary and superannuation, a Company motor vehicle provided to Ms. Raffe, and a car allowance provided to Mr. C.J. Kirby. All Executive Committee Members are also eligible to be paid an annual STI and LTI.

Payment for termination without cause is equal to twelve months of base remuneration and the Executive Committee Member is restrained from competitive employment during that period. The Group may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unexercisable LTI ESP shares are immediately forfeited and all remaining loans over such LTI shares must be repaid within 6 months of termination.

6. KMP TRANSACTIONS AND HOLDINGS

(a) Ordinary shares held by KMP

2019

	Balance at the start of the year	Granted as remuneration[1]	On exercise of options	Net change other	Balance at the end of the year
Directors					
Robert G. Kirby[2]	67,946,273	-	-	9,994,049	77,940,322
Graham W. Burke[2]	67,946,273	-	-	9,994,049	77,940,322
John R. Kirby[2]	67,946,273	-	-	9,994,049	77,940,322
David J. Evans[4]	111,971	-	-	21,533	133,504
Robert Le Tet	234,432	43,843	-	45,084	323,359
Timothy M. Antonie	22,485	-	-	4,325	26,810
Jennifer Fox Gambrell	62,637	42,567	-	-	105,204
Executives					
Julie E. Raffe	-	-	-	143,724	143,724
Clark J. Kirby	-	-	-	302,017	302,017
Simon T. Phillipson	200,000	-	-	(96,826)	103,174

2018

	Balance at the start of the year	Granted as remuneration[1]	On exercise of options	Net change other	Balance at the end of the year
Directors					
Robert G. Kirby[2]	68,713,136	-	-	(766,863)	67,946,273
Graham W. Burke[2]	68,713,136	-	-	(766,863)	67,946,273
John R. Kirby[2]	68,713,136	-	-	(766,863)	67,946,273
David J. Evans	111,971	-	-	-	111,971
Robert Le Tet	188,200	46,232	-	-	234,432
Timothy M. Antonie	22,485	-	-	-	22,485
Jennifer Fox Gambrell	19,487	43,150	-	-	62,637
Executives					
Julie E. Raffe	-	-	-	-	-
Clark J. Kirby	-	-	-	-	-
Simon T. Phillipson	200,000	-	-	-	200,000
Alistair Bennallack[3]	-	-	-	-	-

[1] Allotments under Directors' Share Plan from Directors Fees.
[2] Refer also to the Directors' Report disclosures for relevant interests of Directors, in relation to the 100% ownership of the immediate and ultimate parent entities of VRL.
[3] Ceased as KMP on 31 December 2017.
[4] Ceased as a Director on 22 November 2018

6. KMP TRANSACTIONS AND HOLDINGS (continued)

(b) 'In substance options' held by KMP

2019

Name	Balance at the start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Executives							
Julie E. Raffe	747,360	200,000	-	-	947,360	702,360	-
Simon T. Phillipson	336,500	150,000	-	-	486,500	266,667	-
Clark J. Kirby	537,500	200,000	-	-	737,500	400,000	-

2018

Name	Balance at the start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Executives							
Julie E. Raffe	747,360	-	-	-	747,360	702,360	-
Simon T. Phillipson	336,500	-	-	-	336,500	233,334	-
Clark J. Kirby	537,500	-	-	-	537,500	300,000	-
Alistair Bennallack[1]	203,334	-	-	-	203,334	66,668	-

[1] Ceased as KMP on 31 December 2017.

(c) Options over ordinary shares held by KMP

2019

Name	Balance at start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Directors							
Graham W. Burke	1,500,000	-	-	(1,500,000)[1]	-	-	-

[1] None of the vested options were exercised before the 1 March 2019 expiry date.

2018

Name	Balance at start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Directors							
Graham W. Burke	2,250,000	-	-	(750,000)[2]	1,500,000	1,500,000	-

[2] These options did not vest because the ESP hurdle was not met.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

(a) Remuneration summary

The Board sets Non-Executive Director remuneration at a level which provides the Group with the ability to attract and retain appropriately qualified and experienced Non-Executive Directors of the highest calibre, at an acceptable cost to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the annual aggregate remuneration of Non-Executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the annual aggregate remuneration so determined is then divided between the Non-Executive Directors as agreed.

The latest determination was at the Annual General Meeting held on 15 November 2012, when shareholders approved an aggregate remuneration level for Non-Executive Directors of $1,300,000 per annum. This aggregate fee level includes any compensation paid to Non-Executive Directors who may serve on Boards of the consolidated entity. Aggregate payments to Non-Executive Directors have never exceeded the total pool approved by shareholders.

7. NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

(a) Remuneration summary (continued)

Each Non-Executive Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board Committee or major subsidiary or affiliate on which a Non-Executive Director serves. The payment of additional fees for serving on a Committee or subsidiary or affiliate Board recognises the additional time commitment required by that Non-Executive Director.

To preserve the independence and impartiality of Non-Executive Directors, no element of Non-Executive Director remuneration is 'at-risk' based on the performance of the Group and does not incorporate any bonus or incentive element.

Board and Committee fees are set by reference to a number of relevant considerations including the responsibilities and risks attaching to the role, the time commitment expected of Non-Executive Directors, fees paid by peer-sized companies and independent advice received from external advisors. The remuneration arrangements of Non-Executive Directors are periodically reviewed by the Remuneration Committee to ensure they remain in line with general industry practice, the last review having taken effect from July 2012.

Effective 1 July 2018, Non-Executive Director fees were reduced by 25 percent resulting in the annual Board fee reducing to $75,000 and the fee for each Board Committee representation reducing to $15,000. Board committee chairs are paid at a rate of 50% above other Committee members in recognition of the additional workload. The additional annual fee for the Lead Independent Director and Deputy Chairman was reduced to $22,500.

The Group does not have and never has had a retirement benefit scheme for Non-Executive Directors, other than their individual statutory superannuation benefits which, where applicable, are included as part of the aggregate fee for Non-Executive Directors as remuneration.

(b) Directors' Share Plan

The Group considers it appropriate for Non-Executive Directors to have a stake in the Company and encourages Non-Executive Directors to hold shares.

The Directors' Share Plan ("DSP"), effective from 1 January 2011 and renewed by shareholders at the 2013 and 2016 Annual General Meetings of the Company, enables Non-Executive Directors to salary sacrifice some or all of their fees into ordinary shares in the Company. The shares are allotted on a salary sacrifice basis at the weighted average market price on ASX on the first 5 trading days of the third month of the relevant quarter, rounded up to the next whole cent. Non-Executive Directors can vary their participation in the DSP each calendar year. The various allotments during the year under the DSP are set out in the table below.

Name	Allotment Date	No. shares	Issue Price
R. Le Tet	10 September 2018	12,688	$2.22
	10 December 2018	11,885	$2.50
	8 March 2019	9,543	$3.34
	11 June 2019	9,747	$3.27
J. Fox Gambrell	10 September 2018	11,824	$2.22
	10 December 2018	11,453	$2.50
	8 March 2019	9,543	$3.34
	11 June 2019	9,747	$3.27

The ASX is notified of the various share, option and 'in substance option' holdings of all Directors, and they are also set out on page 5 of the Directors' Report.

8. OTHER TRANSACTIONS WITH KMP

In addition to specific disclosure requirements, the VRL group continuously re-assesses judgemental matters surrounding relationships with KMP and completeness of its related party disclosures. Judgements relating to the following relationships have been reviewed by the VRL group and considered prudent to make a judgement in this year to include these as related party disclosures.

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with R.G. Kirby, which arose in 2008. The total purchases were $242,735 in the year ended 30 June 2019 (2018: $298,779). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions. As at 30 June 2019, the total amount owing by the VRL group, and included in current liabilities was $51,150 (2018: $66,767). The Company is in the process of conducting a competitive tender for uniform purchases for the year ending 30 June 2020.

8. OTHER TRANSACTIONS WITH KMP (continued)

As reported in the 31 December 2018 half-year financial report, the Theme Parks division entered into a contract in the current year for call centre services with Oracle Customer Management Solutions Pty. Ltd. ("OCMS"). OCMS has sub-contracted some of those services to a company in which a relative of G.W. Burke has an economic interest. Total purchases under the contract were $1,870,391 in the year ended 30 June 2019 and these transactions were carried out under arm's length terms and conditions. As at 30 June 2019, there were no amounts owing by the VRL group under the contract. The Group has re-assessed this contract and taken advice, and determined that it is not a reportable related party transaction. Unless the circumstances change, this transaction will no longer be disclosed in the future.

Peninsula Cinemas Pty. Ltd. ("Peninsula Cinemas"), which are non-competing cinemas owned by an entity associated with Mr. R.G. Kirby, exhibit films supplied by the Film Distribution division of the VRL group on arm's length terms and conditions. The total amount charged by the VRL group for the year ended 30 June 2019 was $228,829 (2018: $242,965). Other net reimbursement amounts paid by Peninsula Cinemas to the VRL group in relation to operational cinema matters in the year ended 30 June 2019 totalled $18,159 (2018: $8,252).

The VRL group purchased wine from Yabby Lake International Pty. Ltd. ("Yabby Lake"), an entity in which family members of Mr. R.G. Kirby have an economic interest. The total purchases were $329,789 for the year ended 30 June 2019 (2018: $365,393). The wine purchased was mainly for the Cinema Exhibition division's Gold Class cinemas and for Corporate functions. These transactions were carried out under arm's length terms and conditions. The Company has put in place arrangements to cease the purchase of wine from Yabby Lake by 31 December 2019. In the future, a competitive tender process will be undertaken and Yabby Lake will be able to participate at that time.

The Film Distribution division of the VRL group distributes a number of older film titles in which Village Roadshow Corporation Pty. Ltd. ("VRC"), the Company's immediate parent entity, has economic interests. During the year ended 30 June 2019, $265 of film royalties (2018: $2,685) were paid to VRC.

The VRL group recharged net occupancy costs for accommodation provided and received and other net recharges for services provided and received, on an arm's length basis, to a number of entities associated (either individually or collectively) with Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke. The total net amount charged by the VRL group for the various occupancy and other services in the year ended 30 June 2019 was $144,290 (2018: $126,377).

The VRL group has recognised in the current year $157,270 for the provision of art works and related insurance costs by an entity associated with Mr. R.G. Kirby, in relation to the years ended 30 June 2019 and 30 June 2018. It has been agreed that from 1 July 2019, there will be no charge for the provision of art works.

As at 30 June 2019, the total amount owing by the related parties detailed above, and included in current assets of the VRL group, was $46,963 (2018: $63,940), and the total amount owing by the VRL group to the related parties detailed above, and included in current liabilities, was $67,579 (2018: $103,764).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Continuing operations			
Income			
Revenue	2(b)	980,543	952,762
Other income	2(c)	20,739	193,774
Expenses excluding finance costs	3(b)	(980,861)	(1,144,092)
Finance costs	3(c)	(32,496)	(31,485)
Share of net profits of equity-accounted investments	3(a)	1,275	904
Loss from continuing operations before income tax benefit		(10,800)	(28,137)
Income tax benefit	5	1,220	24,726
Loss after tax from continuing operations		(9,580)	(3,411)
Discontinued operations			
Profit after tax		-	-
Net loss for the year		(9,580)	(3,411)
Loss for the year is attributable to:			
Non-controlling interest		(3,005)	(3,630)
Owners of the parent		(6,575)	219
		(9,580)	(3,411)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Equity instruments at fair value through other comprehensive income	21	(434)	364
Cash flow hedges	21	750	2,244
Foreign currency translation	21	450	(5,517)
Other comprehensive income (expense) for the year after tax		766	(2,909)
Total comprehensive expense for the year		(8,814)	(6,320)
Total comprehensive expense for the year is attributable to:			
Non-controlling interest		(3,005)	(3,630)
Owners of the parent		(5,809)	(2,690)
		(8,814)	(6,320)
(Loss) earnings per share (cents per share)			
For (loss) profit for the year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share	4	(3.4) cents	0.14 cents
Diluted (loss) earnings per share	4	(3.4) cents	0.14 cents
For (loss) profit from continuing operations for the year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share	4	(3.4) cents	0.14 cents
Diluted (loss) earnings per share	4	(3.4) cents	0.14 cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7(a)	61,653	63,393
Trade and other receivables	8	129,337	119,300
Inventories	9	23,137	23,578
Assets held for sale	15	-	40,610
Current tax assets		1,694	2,373
Film distribution royalties	11(b)	37,439	47,704
Derivatives	31(e)	542	1,153
Other	11(a)	18,967	10,183
Total current assets		272,769	308,294
Non-Current Assets			
Trade and other receivables	8	17,588	23,925
Goodwill and other intangible assets	10	239,957	253,675
Investments - equity-accounted	12	32,463	31,742
Equity instruments		1,219	1,737
Property, plant & equipment	15	656,217	639,943
Deferred tax assets	5(c)	7,961	11,417
Film distribution royalties	11(b)	53,897	63,517
Derivatives	31(e)	1	63
Other	11(a)	173	294
Total non-current assets		1,009,476	1,026,313
Total assets		1,282,245	1,334,607
LIABILITIES			
Current Liabilities			
Trade and other payables	16	228,400	202,777
Liabilities held for sale		-	1,829
Interest bearing loans and borrowings	17	6,026	6,866
Income tax payable		405	6,880
Provisions	18	31,381	34,749
Derivatives	31(e)	129	16
Unearned revenue and other liabilities	2(d),19	63,762	50,128
Total current liabilities		330,103	303,245
Non-Current Liabilities			
Trade and other payables	16	50,833	42,736
Interest bearing loans and borrowings	17	275,229	395,024
Lease liability	33	106,125	102,962
Deferred tax liabilities	5(c)	3	4,751
Provisions	18	8,653	10,592
Unearned revenue and other liabilities	19	76,790	81,486
Total non-current liabilities		517,633	637,551
Total liabilities		847,736	940,796
Net assets		434,509	393,811
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity	20	275,171	225,548
Reserves	21	88,730	86,774
Retained earnings	21	62,740	70,509
Parent interests		426,641	382,831
Non-controlling interest	22	7,868	10,980
Total equity		434,509	393,811

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,067,271	1,068,498
Payments to suppliers and employees		(958,739)	(1,031,131)
Dividends and distributions received		2,645	1,019
Interest and other items of similar nature received		1,371	1,346
Finance costs		(23,756)	(28,162)
Income taxes (paid) refunded		(6,357)	9,796
Net cash flows from operating activities	7(b)	82,435	21,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(38,816)	(69,970)
Purchases of software & other intangibles		(9,071)	(14,926)
Purchase of leased asset		(31,102)	-
Proceeds from sale of property, plant & equipment		192	733
Proceeds from sale and leaseback of property	1(a)	12,296	99,991
Purchase of investments / businesses		-	(2,053)
Proceeds from sale of investments / businesses	1(a)	39,911	163,813
Loans to (or repaid to) other entities		-	(10,224)
Loans from (or repaid by) other entities		17,489	1,704
Net cash flows (used in) from investing activities		(9,101)	169,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	7(d)	8,000	39,000
Repayment of borrowings	7(d)	(132,800)	(266,875)
Proceeds from issue of shares	1(a)	49,211	-
Net cash flows used in financing activities		(75,589)	(227,875)
Net decrease in cash and cash equivalents		(2,255)	(37,441)
Cash and cash equivalents at beginning of year		63,393	100,400
Effects of exchange rate changes on cash		515	434
Cash and cash equivalents at end of the year	7(a)	61,653	63,393
Total cash classified as:			
Continuing operations		61,653	63,393
Total cash and cash equivalents at end of the year		61,653	63,393

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				NON-CONTROLLING INTEREST (NOTE 22)	TOTAL EQUITY
	CONTRIBUTED EQUITY (NOTE 20) $'000	RETAINED EARNINGS (NOTE 21) $'000	RESERVES (NOTE 21) $'000	TOTAL $'000	$'000	$'000
Balances at 1 July 2018	225,548	70,509	86,774	382,831	10,980	393,811
Adoption of new accounting standard - refer Note 1(b)	-	(1,194)	-	(1,194)	(310)	(1,504)
Restated balances as at 1 July 2018	225,548	69,315	86,774	381,637	10,670	392,307
Loss for the year	-	(6,575)	-	(6,575)	(3,005)	(9,580)
Other comprehensive income (net)	-	-	766	766	-	766
Total comprehensive (expense) income for the year	-	(6,575)	766	(5,809)	(3,005)	(8,814)
Share-based payment movements	172	-	381	553	-	553
Issue of shares under Directors' Share Plan from Directors' fees	240	-	-	240	-	240
Issue of shares from entitlement offer	49,211	-	-	49,211	-	49,211
Controlled entity acquisition reserve	-	-	809	809	(304)	505
Other changes in equity	-	-	-	-	507	507
At 30 June 2019	275,171	62,740	88,730	426,641	7,868	434,509
Balances at 1 July 2017	225,176	70,290	89,852	385,318	14,814	400,132
(Loss) profit for the year	-	219	-	219	(3,630)	(3,411)
Other comprehensive expense (net)	-	-	(2,909)	(2,909)	-	(2,909)
Total comprehensive (expense) income for the year	-	219	(2,909)	(2,690)	(3,630)	(6,320)
Share-based payment movements	82	-	(1)	81	-	81
Issue of shares under Directors' Share Plan from Directors' fees	290	-	-	290	-	290
Controlled entity acquisition reserve	-	-	(168)	(168)	(607)	(775)
Other changes in equity	-	-	-	-	403	403
At 30 June 2018	225,548	70,509	86,774	382,831	10,980	393,811

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Village Roadshow Limited ("the Company" or "VRL") for the year ended 30 June 2019 was authorised for issue on 29 August 2019, in accordance with a resolution of the Directors. VRL is a for-profit entity incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The principal activities of Village Roadshow Limited and its subsidiaries ("the Group", "VRL group" or "consolidated entity") are described in Note 1(c)(xxix).

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other mandatory professional reporting requirements. The financial report has also been prepared on a historical cost basis, except for derivatives and any equity instruments that are measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless stated otherwise, under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies. The presentation and classification of comparative items in the financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

For the year ended 30 June 2019, the Group made an attributable loss after tax of $6.6 million (2018: $0.2 million profit), and had a Gearing Ratio of 34% as at 30 June 2019 (2018: 46%). There were significant debt reductions in the year ended 30 June 2019, from the equity raising ($49 million), the sale of Wet'n'Wild Sydney ($37 million), the sale and leaseback of property ($12 million) and a substantial improvement in operating net cash flow. In December 2018, the Group also refinanced its Group finance facility with new facilities totalling $340 million of which $65 million was undrawn at 30 June 2019 and $60 million undrawn at the date of this report. Refer to the Consolidated Statement of Cash Flows and Note 17 for further information. The Group remains in compliance with its banking covenants on the VRL group finance facilities. The Directors consider that the going concern basis of preparation in the financial statements is appropriate on the basis that forecast future debt covenants are projected to be met, based on the Group's operating cash flows.

(b) Statement of compliance and new accounting standards and interpretations

(i) The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

(ii) The Group has adopted the following new and amended Australian Accounting Standards and Australian Accounting Standards Board ("AASB") interpretations in the current financial year.

The Group applies for the first time, AASB 9: *Financial Instruments* and AASB 15: *Revenue from Contracts with Customers* . The nature and effect of these changes are disclosed below.

The Group has also adopted AASB 2016-5: *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions* . Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.

AASB 9: Financial Instruments

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement* , and includes a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting.

The Group has adopted AASB 9 on the effective date of 1 July 2018. The Group has performed an impact assessment and there is no significant change to the measurement basis from adoption of the new classification and measurement model under AASB 9.

Receivables previously accounted for at amortised cost are held to collect contractual cashflows and give rise to cashflows representing solely payments of principle and interest. As a result, these are now classified and measured as debt instruments at amortised cost under AASB 9. For financial assets and liabilities previously held at fair value, the Group will continue measuring these assets and liabilities at fair value under AASB 9.

Prior to the adoption of AASB 9, the Group previously recognised quoted equity shares as available-for-sale investments with gains and losses recognised in other comprehensive income ("OCI"). Under AASB 9, the Group has applied the option for equity instruments not held for trading to continue to present fair value changes in OCI, therefore there is no impact on transition to AASB 9. Under this option, there is no recycling of cumulative gains or losses through the profit or loss upon de-recognition of equity instruments. Equity instruments at fair value through OCI are intended to be held for the foreseeable future.

AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing the incurred loss approach under AASB 139 with the forward looking expected credit loss approach on all trade and other receivables, and contract assets. The Group has adopted the simplified approach and records lifetime expected losses on all trade receivables and contract assets and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. On adoption of AASB 9, there was no significant impact to the impairment loss allowance.

Under AASB 9, the hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices and this has been applied prospectively from 1 July 2018. The Group has determined that all existing hedge relationships would qualify as continuing hedges under AASB 9, and all derivatives have been designated as hedging instruments. Accordingly, there is no impact on the accounting for its hedging relationships.

AASB 15: Revenue from Contracts with Customers

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 15 supersedes all previous revenue recognition requirements under Australian Accounting Standards.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations (continued)

(ii) AASB 15: Revenue from Contracts with Customers (continued)

The Group has adopted AASB 15 retrospectively using the cumulative effect transition method (i.e. modified approach) at the date of initial application and therefore comparative information has not been restated and is presented as previously reported under AASB 118 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not been applied to comparative information. Under this transition method, AASB 15 has only been applied retrospectively to contracts that are not completed contracts at 1 July 2018 and the Group has recognised the cumulative effect of adjustments against the opening balance of equity at this date. The Group has also applied the practical expedient for completed contracts on transition at 1 July 2018.

The following summarises the impact, net of tax, of transition to AASB 15 on retained earnings attributable to members of the parent and non-controlling interest at 1 July 2018 (increase/(decrease)):

	Notes	Impact of adopting AASB 15 $'000
Retained earnings attributable to members of the parent:		
Breakage revenue	(a)	4,318
Loyalty programs	(b)	(3,648)
Admissions revenue	(c)	(2,240)
Increase in deferred tax liability	(a)	(1,305)
Increase in deferred tax asset	(b),(c)	1,681
Impact on 1 July 2018		(1,194)
Non-controlling interest:		
Admissions revenue	(c)	(310)
Impact on 1 July 2018		(310)

(a) Breakage revenue

Within the Cinema Exhibition segment, non-refundable gift cards and vouchers are sold to customers that give customers the right to receive goods or services in the future. If a customer does not exercise their right, this amount is recognised as breakage revenue. Prior to the adoption of AASB 15, the prepayment amount received from a customer was recognised as an unearned revenue liability and the breakage revenue was recognised upon expiry of the gift cards and vouchers. Under AASB 15, breakage revenue is recognised in proportion to the pattern of rights exercised by the customer as there is an expectation the Group will be entitled to breakage revenue and it is considered highly probable a significant reversal will not occur in the future. The breakage rates have been estimated based on historical redemption rates of gift cards and vouchers sold.

On transition to AASB 15, the Group has determined that for contracts which were not completed as at 1 July 2018, higher breakage revenue of $4.3 million would have been recognised in the year ended 30 June 2018, had AASB 15 been applied to those contracts. This has resulted in an increase in retained earnings and a corresponding decrease in the unearned revenue liability on 1 July 2018. An adjustment of $1.3 million has also been recognised to decrease retained earnings and increase the deferred tax liability associated with this adjustment.

(b) Loyalty programs

The Cinema Exhibition segment operates loyalty programs where a customer can earn points when they purchase cinema tickets and concession items which can be redeemed in the future for goods and services. Under AASB 15, these loyalty programs give rise to a separate performance obligation as it provides a material right to the customer. The Group has allocated a portion of the transaction price to the loyalty points earned based on relative estimated stand-alone selling price, and deferred the recognition of this revenue until the points are redeemed. Previously, revenue was deferred on an allocation of the fair value of points issued. On transition to AASB 15, the Group has determined that lower revenue of $3.6 million would have been recognised cumulatively in periods prior to 1 July 2018 for open contracts, had AASB 15 been applied to these loyalty programs. This has resulted in a decrease in retained earnings and a corresponding increase in the unearned revenue liability on 1 July 2018. An adjustment of $1.1 million has also been recognised to increase retained earnings and increase the deferred tax asset associated with this adjustment.

(c) Admissions revenue

The Theme Parks segment sells annual passes which give customers continuous access to theme parks for a period of 12 months, or the full operating season in the case of seasonal theme parks. Prior to the adoption of AASB 15, the Group recognised revenue based on average visitation using historical data over the period in which the passes were available to be used. Where services were yet to be rendered or visits yet to be made, amounts were recorded as an unearned revenue liability. Under AASB 15, revenue recognition on annual and seasonal passes has changed and is now recognised on a straight-line basis to reflect that these passes give rise to a stand-ready performance obligation over the period to which the customer is entitled to use the parks.

An annual pass may also include entry to events which provides a customer with a material right to attend the events. These are separate performance obligations and the transaction price is allocated between these performance obligations and the stand-ready performance obligation based on estimated stand-alone selling prices. Revenue is recognised for these events once they have been held and the performance obligation satisfied.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations (continued)

(ii) AASB 15: Revenue from Contracts with Customers (continued)

(c) Admissions revenue (continued)

On transition to AASB 15, the Group has determined that lower revenue of $2.5 million would have been recognised prior to 1 July 2018, had revenue been recognised on a straight-line basis previously. This has resulted in a decrease in retained earnings and non-controlling interest of $2.2 million and $0.3 million, respectively, and a corresponding increase in the unearned revenue liability of $2.5 million. An adjustment of $0.6 million has also been recognised to increase retained earnings and increase the deferred tax asset associated with this adjustment.

(d) Rights of return

Within the Film Distribution segment, certain contracts with customers provide a right to return goods. Prior to the adoption of AASB 15, the Group accounted for this right of return using an average rate of return approach based on historical return data, similar to the expected value method adopted under AASB 15. Under the previous accounting policy, the amount of revenue related to the expected returns was deferred and a corresponding adjustment to cost of sales was also deferred, both of which were recognised in trade and other payables on a net basis. Under AASB 15, the Group presents a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. On transition to AASB 15, the Group has reclassified $0.4 million from trade and other payables to a right-to-return asset in inventory. There was no cumulative effect adjustment against retained earnings.

(e) Presentation and disclosure

The presentation and disclosure of revenue from contracts with customers is not consistent with the disclosure in the prior period as the Group has adopted the cumulative effect transition method under AASB 15 and the comparative balances have not been restated. Certain items previously presented in revenue from rendering of services have been reclassified to rental income and certain items previously presented in other income have been reclassified to revenue from contracts with customers. Refer to Note 2(a) and Note 2(b) for further information.

The following summarises the impacts of adopting AASB 15 on the Group's consolidated financial statements for the year ended 30 June 2019 (increase/(decrease)):

	Notes	As reported $'000	Adjustments $'000	Balances without adopting AASB 15 $'000
Consolidated statement of comprehensive income				
Revenue[1]	(a),(b),(c),(e)	980,543	(2,694)	977,849
Other income	(e)	20,739	8,188	28,927
Expenses (including finance costs)		(1,013,357)	-	(1,013,357)
Share of net profits of equity-accounted investments		1,275	-	1,275
Loss before income tax expense		(10,800)	5,494	(5,306)
Income tax benefit (expense)		1,220	(1,242)	(22)
Loss after income tax		(9,580)	4,252	(5,328)
Non-controlling interests		3,005	(33)	2,972
Total attributable loss after tax to the equity holders of the parent		(6,575)	4,219	(2,356)
Summarised consolidated statement of financial position				
Inventories	(d)	23,137	(199)	22,938
Total current assets		272,769	(199)	272,570
Deferred tax assets	(a),(b),(c)	7,961	(1,594)	6,367
Total non-current assets		1,009,476	(1,594)	1,007,882
Total assets		1,282,245	(1,793)	1,280,452
Trade and other payables	(d)	228,400	(199)	228,201
Unearned income	(a),(b),(c)	63,762	(7,295)	56,467
Total current liabilities		330,103	(7,494)	322,609
Deferred tax liabilities	(a),(c)	3	-	3
Total non-current liabilities		517,633	-	517,633
Total liabilities		847,736	(7,494)	840,242
Retained earnings	(a),(b),(c)	62,740	5,358	68,098
Non-controlling interests		7,868	343	8,211
Total equity		434,509	5,701	440,210

1 Included in the net revenue adjustment above is the estimated FY2019 impact of AASB 15 on revenue from annual passes sold by the Theme Parks segment. Under the previous visitation basis, it is estimated that revenue would have been $2.9 million higher than the straight-line basis under AASB 15. Revenue estimated using the visitation basis is sensitive to the visitation rate used. A rate of 5.5 times has been used, however using a rate of 5.25 to 5.75 would result in an estimated revenue impact of $4.5 million to $1.5 million.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations (continued)

(iii) A number of standards and interpretations have been issued by the AASB or the International Accounting Standards Board ("IASB"), which are effective for financial years after 30 June 2019. Further details are as follows:

- AASB 16: *Leases:* AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value or the lease includes variable lease payments. A lessee will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability will be recognised.

  Application date of this standard is 1 January 2019, and application date for the Group is 1 July 2019. This standard will materially impact the Group's assets and liabilities in the statement of financial position at transition and in future years, as the Group's operating leases (primarily property leases in relation to the Cinema Exhibition and Theme Parks segments) will need to be recognised in the statement of financial position. Refer to Note 24(a)(i) (operating lease commitments) for an approximation of the potential impact of AASB 16 on the Group's financial position, being the increase of assets and liabilities. Under AASB 16, the lease liability will include the measurement of lease extension options based on the likelihood of being exercised, and an offsetting effect of discounting future lease payments, both of which are not included in Note 24(a)(i).

  This standard allows entities to apply certain transitional provisions on initial adoption and the Group plans to adopt the modified retrospective transition approach on 1 July 2019. Therefore, the comparative information will not be restated and will continue to be reported under AASB 117: *Leases* . The majority of leases within the Group are property leases, and for these leases the Group plans to measure right-of-use assets on transition as if the new accounting rules had always been applied.

  Assessment activities continue to be undertaken on the Group's current leases. A detailed review of contracts, financial reporting impacts and system requirements is well advanced and continuing.

- AASB 2017-5: *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* : This standard defers the mandatory effective dates of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: *Amendments to Australia Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* , so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018. Application date for the Group is 1 July 2022. The impact of adoption of this standard on the Group's financial results has not been assessed.

- AASB 2017-7: *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures* : This is an amendment to AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128. Application date of this standard is 1 January 2019, and application date for the Group is 1 July 2019. The adoption of this standard is not expected to have any impact on the Group's financial results.

- AASB 2018-1: *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle* : Amendments to AASB 3, AASB 11, AASB 112 and AASB 123 clarifies a number of issues and disclosure requirements contained within these standards. Application date of this standard is 1 January 2019, and application date for the Group is 1 July 2019. The adoption of this standard is not expected to have any impact on the Group's financial results.

- AASB Interpretation 23: *Uncertainty over Income Tax Treatments:* This interpretation addresses the accounting for income taxes where tax treatments involve uncertainty that affects the application of AASB 112. The interpretation does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Application date of this standard is 1 January 2019, and application date for the Group is 1 July 2019. The adoption of this standard is currently being assessed.

The impacts of all other standards and amendments to accounting standards that have been issued by the AASB but are not yet effective for the year ended 30 June 2019, have been determined as having no significant impact on the financial results of the Group.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the VRL group as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial report, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9: *Financial Instruments,* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

An option (put or call) granted over the remaining interest of a business combination where 100% has not been acquired gives rise to a financial liability for the present value of the estimated redemption amount. This amount, less the calculated non-controlling interest amount, gives rise to a debit which is recognised in equity, in the controlled entity acquisition reserve. During each financial reporting period, non-controlling interests continue to receive an allocation of profit or loss which is recognised within equity. At each balance sheet date, the non-controlling interest in equity is de-recognised, and transferred to the financial liability and any difference between the change in fair value of the financial liability and the non-controlling interest de-recognised is charged or credited to the controlled entity acquisition reserve.

(iii) Revenue recognition

The Group is in the business of providing theme park and water park operations, cinema exhibition operations, film and distribution operations and sales promotion and loyalty program operations. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Admissions revenue - box office tickets, gift cards and vouchers and loyalty programs

Box office admissions revenue within the Cinema Exhibition segment is recognised on the date of the film screening. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they see the film. When a ticket is sold in advance of the screening, revenue is recorded as an unearned revenue liability until the date of the film screening.

The Cinema Exhibition segment sells non-refundable gift cards and vouchers to customers that give customers the right to receive goods or services in the future. The performance obligation is to honour this right, or stand-ready to transfer this right, only to the point that any unredeemed value has not expired within the terms and conditions of purchase. The prepayment amount received from a customer is recognised as an unearned income liability until the time the customer exercises their right and uses the gift card or voucher to purchase goods or services from the Group and the performance obligation is satisfied.

If a customer does not exercise their right, this amount is recognised as breakage revenue. Breakage revenue is recognised in proportion to the pattern of rights exercised by the customer as there is an expectation the Group will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. The breakage rates have been estimated based on historical redemption rates of gift cards and vouchers sold.

The Cinema Exhibition segment operates loyalty programs where a customer can earn points when they purchase cinema tickets and concession items which can be redeemed in the future for goods and services. These loyalty programs give rise to a separate performance obligation as it provides a material right to the customer. The Group allocates a portion of the transaction prices of goods and services to the loyalty points based on relative stand-alone selling prices and deferred until such point the points are redeemed and the performance obligation satisfied.

(b) Admissions revenue - theme park tickets

Revenue relating to short-term admission tickets within the Theme Parks segment is recognised on the date the ticket is validated upon entry to the theme park. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they enter the park. When a ticket is sold in advance, the revenue is recorded as an unearned revenue liability until the date the ticket is validated.

The Theme Parks segment sells annual passes which give customers continuous access to the theme parks for a period of 12 months, or the full operating season in the case of seasonal theme parks. Where services were yet to be rendered or visits yet to be made, amounts are recorded as an unearned revenue liability. Revenue is recognised on annual and seasonal passes on a straight-line basis to reflect that these passes give rise to a stand-ready performance obligation over the period to which the customer is entitled to use the theme parks.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(iii) Revenue recognition (continued)

(b) Admissions revenue - theme park tickets (continued)

An annual pass may also include entry to events which provides a customer with a material right to attend the events. These are separate performance obligations and the transaction price is allocated between these performance obligations and the stand-ready performance obligation based on stand-alone selling prices. Revenue is recognised for these events once they have been held and the performance obligation is satisfied.

(c) Accommodation and conference revenue

Accommodation and conference revenue within the Theme Parks segment is recognised when the customer occupies the hotel room or the day the conference is held. When a hotel room or conference room is sold in advance, the revenue is recorded as an unearned revenue liability until the date the room is occupied or the conference held. The performance obligation is satisfied when the customer obtains control of the accommodation and conference service for each day they occupy the rooms.

(d) Film and television licence revenue

The Film Distribution segment grants a licence to a customer for the right to show a film title or television program, as it exists at the point in time the licence is granted. That right is static at that point and there are no changes or on-going involvement from the Group. It is at this point which the customer obtains control of the film title or television program and the performance obligation is satisfied. Revenue is recognised at the start of the licence period based on the available date of the title to the customer. Revenue relating to film titles exhibited at theatres is recognised based on box office performance.

(e) Sales promotion and client loyalty programs revenue

In the Marketing Solutions segment, revenue earned from promotional activities is recognised as the Group satisfies its performance obligations under promotional contracts over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Where promotional contracts span more than one reporting period, the progress of work is based on the assessment of the value of work performed at that date and a contract asset is recognised.

Commissions earned on certain gift card programs is recognised in revenue at a point in time. The performance obligation is satisfied at the time the gift card is sold, as it is at this point those participating can benefit from the gift card program.

(f) Sale of goods - concessions

Revenue from the sale of concession goods in the Cinema Exhibition and Theme Parks segments is recognised at a point in time. The performance obligation is satisfied when the customer obtains control of the goods at the point of sale.

(g) Sale of goods - film and television distribution

The Film Distribution segment sells film and television DVD and Blu-ray goods. Revenue from the sale of these goods is recognised at point in time when the product reaches the customer. It is at this point when the customer obtains control of the goods as they have the ability to direct the use of and obtain substantially all the remaining benefits from the goods they have received.

Certain contracts with customers provide a right to return goods. The Group accounts for this right of return using an expected value method as this method best predicts the amount of variable consideration to which the Group will be entitled. The amount of revenue related to the expected returns is deferred and a corresponding adjustment to cost of sales is also deferred, and the Group separately presents a refund liability and an asset for the right to recover products from a customer.

(h) Sponsorship revenue

Revenue from sponsorship agreements in the Cinema Exhibition and Theme Parks segments is generally recognised on a straight-line basis as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group over the period of the agreement.

(i) Screen advertising revenue

Revenue from screen advertising in the Cinema Exhibition segment is recognised as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits as the Group makes the cinema available for screening and transfers the control of the screening of advertisements to the customer over the period of the agreement.

(j) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(k) Rental income

Rental income is recognised on a straight-line basis over the life of the lease.

(l) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(m) Unearned income

Unearned income is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration, or is due consideration, from the customer. If a customer pays consideration in advance before the Group transfers goods or services to the customer, an unearned income liability is recognised.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(iii) Revenue recognition (continued)

(n) Contract assets

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Comparative policies

The Group has applied AASB 15 retrospectively using the cumulative effect transition method, therefore comparative information has not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies. Until 30 June 2018, the Group classified its revenue from the sale of goods and revenue from the rendering of services.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(b) Rendering of services

Revenue from the rendering of services is recognised when control of a right to be compensated for the services has been attained by reference to the stage of completion. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date.

(iv) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to qualifying assets. Where directly attributable to a qualifying asset, borrowing costs are capitalised as part of the cost of that asset.

(v) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

Leases in which the Group is the lessor and the lease does not transfer substantially all the risks and rewards of ownership of an asset is classified as an operating lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the profit and loss.

(vi) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vii) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. Bad debts are written off when identified. Objective evidence takes into account financial difficulties of the debtor, default payments or if there are debts outstanding longer than agreed terms. Refer 1(c)(x) to accounting policies of impairment of financial assets for when an allowance for expected credit losses is recognised.

(viii) Inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ix) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as effective cash flow hedges, are taken directly to profit or loss for the year. The fair values of forward currency contracts and interest rate swaps, caps and collars are determined by reference to valuations provided by the relevant counterparties, which are reviewed for reasonableness by the Group using discounted cash flow models. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

(x) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(a) Financial assets at amortised cost

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 31. The Group does not hold collateral as security.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

(c) Equity instruments at FVOCI

Equity instruments designated at FVOCI are not subject to impairment assessment.

Comparative policies

The Group has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies. Until 30 June 2018, the Group classified its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(x) Impairment of financial assets (continued)

Comparative policies (continued)

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(c) Available-for-sale investments at fair value

If there is objective evidence that an available-for-sale investment at fair value is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses for available-for-sale investments are not recognised in profit.

(xi) Foreign currency translation

Both the functional and presentation currency of the Company and the majority of its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of subsidiaries with functional currencies other than Australian dollars are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their profit or loss items are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(xii) Discontinued operations and assets held for sale

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell if the carrying amount will be recovered principally through a sale transaction. These assets are not depreciated or amortised following classification as held for sale. For an asset or disposal group to be classified as held for sale, it must be available for sale in its present condition and its sale must be highly probable.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xiii) Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture.

Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this in the consolidated statement of changes in equity. Adjustments are made to bring into line any dissimilar reporting dates or accounting policies that may exist.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

(xiv) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in joint operations by recognising its share of the assets that the operations control and the liabilities incurred. The Group also recognises its share of the expenses incurred and the income that the operations earn from the sale of goods or services.

(xv) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are measured based on the expected manner of recovery of carrying value of an asset or liability. The expected manner of recovery of indefinite life intangible assets is through sale and not use.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income, and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xv) Income tax (continued)

Tax Consolidation

For Australian income tax purposes, various entities in the Group have formed a Tax Consolidated group, and have executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the relevant wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office.

Tax effect accounting by members of the Tax Consolidated Group

Under the terms of the TSA, wholly owned entities compensate the head entity for any current tax payable assumed and are compensated for any current tax receivable, and are also compensated for deferred tax assets relating to unused tax losses or unused tax credits that are recognised on transfer to the parent entity under tax consolidation legislation. The funding amounts are determined at the end of each six month reporting period by reference to the amounts recognised in the wholly-owned entities' financial statements, determined predominantly on a stand alone basis. Amounts receivable or payable under the TSA are included with other amounts receivable or payable between entities in the Group.

(xvi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xvii) Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings and improvements are depreciated over the lesser of any relevant lease term and 40 years, using the straight-line method.
- Plant, equipment and vehicles are depreciated over periods of between three and 25 years using the straight-line or reducing balance method.

Pooled animals are classified as part of property, plant & equipment and are not depreciated.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end, and when acquired as part of a business combination.

Impairment

The carrying values of property, plant & equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant & equipment is the higher of fair value less costs of disposal and value in use. In assessing fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

De-recognition and disposal

An item of property, plant & equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xviii) Investments and other financial assets

Financial assets in the scope of AASB 9: *Financial Instruments* are classified as those to be measured subsequently at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss ("FVPL"). The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(a) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Groups' financial assets at amortised cost includes trade and other receivables.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the profit or loss.

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

Comparative policies

The Group has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Until 30 June 2018, the group classified its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments.

(a) Financial assets at fair value through profit or loss

In accordance with AASB 7: *Financial Instruments: Disclosures* , financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss. It should be noted that even though these assets are classified as held for trading (in accordance with AASB 139 terminology), the Group is not involved in speculative activities and only uses derivatives for risk management purposes.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process. The Group does not currently have held-to-maturity investments.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xviii) Investments and other financial assets (continued)

Comparative policies (continued)

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired.

(d) Available-for-sale investments

Available-for-sale investments are those derivative financial assets that are designated as available-for-sale or not classified as any of the three preceding categories. After initial recognition, available-for-sale investments are either carried at cost less any accumulated impairment losses, or are measured at fair value with gains or losses being recognised in other comprehensive income until the investments are de-recognised or until the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(xix) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with AASB 8: *Operating Segments* .

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(xx) Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xx) Intangible assets (continued)

A summary of the policies applied to the Group's intangible assets is as follows:

Brand names

Useful lives: Indefinite
Amortisation method used: No amortisation
Internally generated or acquired: Acquired
Impairment testing: Annually and more frequently when an indication of impairment exists.

Film distribution rights

Useful lives: Finite
Amortisation method used: Amortised over estimated useful lives which range from 1 to 25 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Software and other intangibles

Useful lives : Finite
Amortisation method used: Amortised over estimated useful lives which range from 2 to 25 years. The estimated useful life remaining is in the range of 2 to 15 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Assets that are classified as having an indefinite life are the brand names in the Theme Parks division. This conclusion has been based on the length of time that the brands have been in existence, and the fact that they have an established market presence.

(xxi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than goodwill, a previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(xxii) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xxiii) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

(xxiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxiv) Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(xxv) Employee leave benefits

Wages, salaries, annual leave and sick leave

Provision is made for wages and salaries, including non-monetary benefits, and annual leave in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The value of the employee share incentive scheme is being charged as an employee benefits expense. Refer to Note 1(c)(xxvi) for the share-based payment transactions policy.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xxvi) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The plans currently in place to provide these benefits are the Company's Executive Share Plan and Loan Facility and the 2012 Option Plan for the Company's Chief Executive Officer. The grant of rights under the Executive Share Plan and Loan Facility are treated as 'in substance options', even where the equity instrument is not an option.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either the Monte Carlo, binomial or Black-Scholes models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of VRL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (refer Note 4).

Shares in the Group relating to the various employee share plans and which are subject to non-recourse loans are deducted from equity. Refer Note 26 for share-based payment disclosures relating to 'in substance options'.

(xxvii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the buyback of shares are shown in equity, net of tax, as part of the buyback cost.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxviii) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

When there are potential ordinary shares that are dilutive, diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxix) Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Discrete financial information about each of these segments is reported to the executive management team on a monthly basis. These operating segments are then aggregated based on similar economic characteristics to form the following reportable segments:

- Theme Parks	Theme park and water park operations
- Cinema Exhibition	Cinema exhibition operations
- Film Distribution	Film distribution operations
- Marketing Solutions	Sales promotion and loyalty program operations
- Other	Other represents financial information which is not allocated to the reportable segments.

A geographic region is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those segments operating in other economic environments. Revenue from geographic locations is attributed to geographic location based on the location of the customers.

The segment revenue that is disclosed to the chief operating decision maker in Note 30 is in accordance with IFRS. Inter-segment revenue applies the same revenue recognition principles as per Note (1)(c)(iii).

(xxx) Financial guarantees

Financial guarantee is initially recognised at fair value as the economic benefit to the guarantee holder. Subsequently at each reporting date, guarantees are measured at the higher of the expected credit loss allowance or the amount initially recognised less cumulative amortisation.

Comparative policies

The fair values of financial guarantee contracts as disclosed in Note 29 have been assessed using a probability weighted discounted cash flow approach. In order to estimate the fair value under this approach the following assumptions were made:

- Probability of Default: This represents the likelihood of the guaranteed party defaulting in the remaining guarantee period and is assessed based on historical default rates of companies rated by Standard & Poors.
- Recovery Rate: This represents the estimated proportion of the exposure that is expected to be recovered in the event of a default by the guaranteed party and is estimated based on the business of the guaranteed parties. The recovery rate used for the year ended 30 June 2018 was 60%.

The values of the financial guarantees over each future year of the guarantees' lives is discounted over the contractual term of the guarantees to reporting date to determine the fair values. The contractual term of the guarantees matches the underlying obligations to which they relate. The financial guarantee liabilities determined using this method are then amortised over the remaining contractual term of the guarantees.

(xxxi) Film distribution royalties

Film distribution royalties represent the consolidated entity's minimum guaranteed royalty commitments to licensors in return for the acquisition of distribution rights. The commitments can be for either the life of contract or part thereof. On entering into the agreement the commitments are brought to account in the statement of financial position as assets and liabilities (the latter in respect of any unpaid components).

Film distribution royalties are expensed in line with the exploitation of the distribution rights. At the time the distribution rights are first exploited, a forecast of the lifetime earnings and royalties is made and any impairment is immediately taken to profit or loss. The forecast royalties are then reviewed and revised over the commitment period to ensure the carrying amount is equal to the lesser of the expected future royalties to be generated or the balance of the minimum guaranteed royalties.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxxii) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to an asset are presented in the statement of financial position as unearned revenue.

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are disclosed in Note 10.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, a Monte Carlo simulation technique or the Black-Scholes model, as appropriate, using the assumptions detailed in Note 26.

(iii) Impairment of film distribution royalties

The Group determines whether film distribution royalties are impaired at least at each reporting date. This requires an estimation of the recoverable amount of the film distribution royalties based on calculations of the discounted cash flows expected to be received in relation to the royalties. Refer to Note 11 for further information.

(iv) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due (refer to Note 23(a)(ii)). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

(v) Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses for impairment of assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger is identified, the recoverable amount of the asset is determined. Refer to Note 10 and Note 15 for further information.

(vi) Estimated selling prices - loyalty programs

The Group estimates the stand-alone selling price of points awarded under the loyalty programs in the Cinema Exhibition segment. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. Any significant changes in customers' redemption patterns will impact the value of the points issued.

(vii) Gift card and voucher breakage rates

The Group estimates the amount of breakage revenue on gift card and voucher sales in the Cinema Exhibition segment. When estimating any breakage amount, the Group has to consider the constraint on variable consideration. The Group expects it will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. If the Group's expectation changes and it does not expect to be entitled to a breakage amount, it would not recognise any breakage amounts as revenue until the likelihood of the customer exercising their right becomes remote. The Group applies statistical projection methods in its estimation of the breakage rates based on historical redemption rates of gift cards and vouchers sold. Any significant changes in customers' redemption patterns, or the period of time the customer has to redeem their gift card and voucher, will impact the breakage rates applied and the value of breakage revenue recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

2 REVENUE AND OTHER INCOME

(a) Disaggregation of Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers by type of services or goods.

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING		OTHER		TOTAL	
	2019	2018 [1]	2019	2018 [1]	2019	2018 [1]	2019	2018 [1]	2019	2018 [1]	2019	2018 [1]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers												
Types of services:												
Admissions	138,221	110,030	200,783	184,185	-	-	-	-	-	-	339,004	294,215
Admissions - annual and season passes	35,835	48,805	-	-	-	-	-	-	-	-	35,835	48,805
Accommodation and conferences	31,411	30,520	-	-	-	-	-	-	-	-	31,411	30,520
Film and television licencing	-	-	-	-	206,867	173,208	-	-	-	-	206,867	173,208
Sales promotions and client loyalty programs	-	-	-	-	-	-	69,832	71,741	-	-	69,832	71,741
Other	2,285	2,283	21,024	22,745	1,541	1,303	-	-	165	208	25,015	26,539
Total revenue with customers - services[2,4,5]	207,752	191,638	221,807	206,930	208,408	174,511	69,832	71,741	165	208	707,964	645,028
Types of goods:												
Film and television distribution	-	-	-	-	62,619	114,311	-	-	-	-	62,619	114,311
Concessions	109,122	105,262	86,384	86,835	-	-	-	-	-	-	195,506	192,097
Total revenue with customers - goods	109,122	105,262	86,384	86,835	62,619	114,311	-	-	-	-	258,125	306,408
Total revenue from contracts with customers	**316,874**	**296,900**	**308,191**	**293,765**	**271,027**	**288,822**	**69,832**	**71,741**	**165**	**208**	**966,089**	**951,436**
Reconciliation of revenue from contracts with customers to total segment revenue												
Rental income[3]	12,983	-	92	-	-	-	-	-	-	-	13,075	-
Non-segment revenue	-	-	-	-	-	-	-	-	(165)	(208)	(165)	(208)
Inter-segment revenue	-	-	-	-	17,807	15,673	834	985	-	-	18,641	16,658
Total segmental revenue - refer Note 30	**329,857**	**296,900**	**308,283**	**293,765**	**288,834**	**304,495**	**70,666**	**72,726**	**-**	**-**	**997,640**	**967,886**

1 The results for the comparative year ended 30 June 2018 have not been restated under AASB 15 and are presented under AASB 118, *Revenue.*

2 The Group classified unearned revenue written back within other income in prior periods. Under AASB 15, $7.2 million of breakage revenue is now classified within revenue from contracts with customers. As the Group has adopted the cumulative effect transition method under AASB 15, the comparative balance of $8.3 million has not been restated.

3 The Group has reclassified $13.1 million of revenue previously presented in revenue from rendering of services to rental income as it does not fall in the scope of AASB 15 but rather the scope of AASB 117, *Leases* . As the Group has adopted the cumulative effect transition method under AASB 15, the comparative balance of $9.0 million has not been restated.

4 The Group classified commissions received within other income in prior periods. Under AASB 15, $8.5 million of commissions received is now classified within revenue from contracts with customers. As the Group has adopted the cumulative effect transition method under AASB 15, the comparative balance of $6.9 million has not been restated.

5 Following the adoption of AASB 15, the Group has reclassified $8.2 million of income that would have been previously presented in total other income to revenue from contracts with customers for services of $6.8 million and to revenue from contracts with customers for goods of $1.4 million. Of those income items reclassified in the current period, the comparative balance of $11.6 million has not been restated.

	2019 $'000	2018 $'000
2 REVENUE AND OTHER INCOME (continued)		
(b) Revenue		
Revenue from contracts with customers	966,089	951,436
Finance revenue	1,371	1,326
Rental income	13,075	-
Dividends received	8	-
Total revenues	980,543	952,762
(c) Other income		
Management fees from -		
Other entities	4,242	8,388
Associates	294	396
Net gain on disposal of investment[1] (for 2018 refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	-	156,922
Net gain on sale and leaseback of property (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	10,248	-
Unearned revenue written back	-	8,328
Commissions / fees received	-	6,887
Other	5,955	12,853
Total other income	20,739	193,774

1 The net gain on disposal of investment in the prior year of $156.9 million mainly related to the sale of the Group's Singapore Cinema Exhibition investment.

(d) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2019 $'000	1 July 2018[1] $'000
Trade receivables, which are included in Trade and other receivables	97,538	105,162
Contract assets, which are included in Trade and other receivables	7,096	1,992
Unearned revenue (contract liabilities)	51,231	45,996

1 The Group recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance at 1 July 2018.

Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The unearned revenue liability, or contract liability, primarily relates to the advance consideration received from customers for admissions tickets, annual and season passes and gift card and vouchers, and the value of unredeemed customer loyalty points. As at 30 June 2019, the amount of unearned revenue relating to consideration received in advance is $47.2 million. This will be recognised as revenue over the next 0 to 3 years, the majority of which is expected to be recognised within 12 months. Revenue will be recognised either at the point in time when customers use their admission tickets, gift cards and vouchers, or over a period of time when customers are entitled to use their annual and season passes. At 30 June 2019, the value of unredeemed customer loyalty points is $4.0 million. This will be recognised as revenue when the points are redeemed by customers.

(e) Right of return assets and refund liabilities

	30 June 2019 $'000	1 July 2018[1] $'000
Right of return assets	199	359
Refund liabilities -		
Arising from retrospective rebates	2,122	1,552
Arising from rights of return[2]	13,101	2,339

1 The Group recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance at 1 July 2018.
2 Following a detailed analysis of the expected value of excess and slow moving inventory returns in the Film Distribution segment in the year ended 30 June 2019, other provision adjustments totalling $5.4 million after tax were recognised. A right of return refund liability of $11.9 million was recognised, partly offset by a reduction in royalty amounts payable in trade and other payables at 30 June 2019.

	2019 $'000	2018 $'000
3 EXPENSES FROM CONTINUING OPERATIONS		
(a) Share of net profits of equity-accounted investments		
Share of net profits of equity-accounted investments (refer Note 12)	1,275	904
(b) Expenses excluding finance costs		
Employee expenses -		
Employee benefits	16,661	18,330
Defined contribution superannuation expense	17,572	18,073
Share-based payment expense (credit)	381	(1)
Remuneration and other employee expenses	208,905	216,184
Total employee expenses	243,519	252,586
Cost of goods sold	112,764	126,408
Occupancy expenses -		
Operating lease rental - minimum lease payments	50,388	52,880
Operating lease rental - contingent rental payments	4,569	3,897
Other occupancy expenses	26,214	26,070
Total occupancy expenses	81,171	82,847
Film hire and other film expenses	231,788	223,651
Depreciation of -		
Buildings & improvements	4,609	4,208
Plant, equipment & vehicles	37,393	38,661
Amortisation of -		
Leasehold improvements	10,964	11,500
Software & other intangibles	17,458	16,370
Total depreciation and amortisation	70,424	70,739
Net loss on disposal of property, plant & equipment	209	255
Net loss on disposal of businesses (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	1,928	-
Net foreign currency (gains) losses	(623)	532
Impairment and other non-cash adjustments (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	17,981	167,435
Other provision adjustments (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	15,714	-
Management and services fees paid	3,660	3,828
Theme park operating expenses	30,593	33,220
Repairs and maintenance	18,626	19,891
Advertising and promotions	90,696	98,395
Restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	8,735	7,589
Allowance for expected credit loss (reversed)	37	(3)
Bad debts (recovered) written off	(157)	169
Other expenses	53,796	56,550
Total expenses excluding finance costs	980,861	1,144,092
(c) Finance costs		
Total finance costs before finance restructuring costs	29,829	30,635
Finance restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	2,667	850
Total finance costs	32,496	31,485

4 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share amounts are calculated by dividing net (loss) profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
(a) (Loss) earnings per share:		
Net (loss) profit attributable to ordinary equity holders of VRL		
Basic (loss) earnings per share	(3.4) cents	0.14 cents
Diluted (loss) earnings per share	(3.4) cents	0.14 cents
Net (loss) profit from continuing operations attributable to ordinary equity holders of VRL		
Basic (loss) earnings per share	(3.4) cents	0.14 cents
Diluted (loss) earnings per share	(3.4) cents	0.14 cents

4 (LOSS) EARNINGS PER SHARE (continued)

(b) The following reflects the net loss and weighted average share data outstanding during the period:

	2019 $'000	2018 $'000
Net loss from continuing operations	(9,580)	(3,411)
Net loss attributable to non-controlling interest from continuing operations	3,005	3,630
Net (loss) profit attributable to ordinary equity holders of VRL (from continuing operations and in total)	(6,575)	219

	2019 No. of Shares	2018 No. of Shares
Weighted average number of ordinary shares for basic earnings per share	191,759,401	161,855,150
Weighted average number of ordinary shares for diluted earnings per share[1]	191,759,401	161,855,150

1 The issued options were reviewed and determined to represent nil potential ordinary shares as at 30 June 2019 as these options would have an antidilutive effect on earnings per share (2018: nil potential ordinary shares).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under Accounting Standard AASB 2: *Share-based Payment,* shares issued under the Company's various share plans are required to be accounted for as options. Shares issued under these plans are referred to as 'in-substance options' and are included in ordinary shares for the purposes of the (loss) earnings per share calculation.

	2019 $'000	2018 $'000
5 INCOME TAX		
(a) Major components of income tax benefit from continuing operations for the years ended 30 June 2019 and 2018 are:		
Statement of Comprehensive Income		
Current income tax:		
Current income tax expense	304	(3,858)
Deferred income tax:		
Relating to origination and reversal of temporary differences	(669)	24,586
Net deferred tax asset taken up in retained earnings on transition to AASB 15 (refer Note 1(b)(ii))	(376)	-
Movements taken up in Other Comprehensive Income instead of income tax benefit	1,961	3,998
Income tax benefit reported in statement of comprehensive income - continuing operations	1,220	24,726
(b) A reconciliation of income tax benefit applicable to accounting loss before income tax at the statutory income tax rate to income tax benefit at the Group's effective income tax rate is as follows:		
Net loss before income tax	(10,800)	(28,137)
At the statutory income tax rate of 30% (2018: 30%)	3,240	8,441
Adjustments in respect of current income tax of previous years	849	-
Non-assessable income / expense reversals	2,496	47,077
Non-deductible expenses	(1,341)	(325)
Other deductible expenses	2,439	-
After-tax equity-accounted profits included in pre-tax loss	383	271
Net deferred tax balances recognised / de-recognised (refer income tax benefit material items, in Reconciliation of Results contained in Directors' Report)	576	18,439
Deferred tax balances not recognised	(7,257)	(49,037)
Other	(165)	(140)
Total income tax benefit - continuing operations - at effective tax rate of 11.3% (2018: 87.9%)	1,220	24,726

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
5 INCOME TAX (continued)				
(c) Deferred tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities:				
Property, plant & equipment	20,021	31,373	11,352	(4,070)
Film distribution royalties	23,627	28,990	5,363	1,508
Intangible assets	2,191	2,587	396	58
Unrealised foreign currency gains	5,612	2,898	(2,714)	(2,303)
Derivatives	202	365	163	(346)
Other	805	1,956	1,151	(590)
Net-down with deferred tax assets	(52,455)	(63,418)	-	-
Total deferred income tax liabilities	3	4,751		
Deferred tax assets:				
Post-employment benefits	8,943	9,589	(646)	327
Property, plant & equipment	11,453	20,808	(9,355)	2,352
Sundry creditors and accruals	4,717	2,118	2,599	438
Provisions and unrealised foreign currency losses	2,065	2,832	(767)	516
Unearned income	25,379	26,144	(765)	21,720
Balance remaining from business combination in 2016	-	123	(123)	(562)
Capitalised development costs	-	-	-	(1,391)
Derivatives	24	29	(5)	(878)
Benefits from revenue losses and prepaid income tax	7,272	11,169	(3,897)	11,169
Other	563	2,023	(1,460)	636
Net-down with deferred tax liabilities	(52,455)	(63,418)	-	-
Total deferred income tax assets	7,961	11,417		
Deferred income tax benefit			1,292	28,584

	2019 $'000	2018 $'000
(d) The following deferred tax assets arising from tax losses have not been brought to account as realisation of those benefits is not probable:		
Benefits for capital losses	19,299	25,293

Village Roadshow Limited - Tax Consolidation

Effective from 1 July 2003, VRL and its relevant wholly-owned entities have formed a Tax Consolidated group. Members of the Tax Consolidated group have executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office. At balance date, the possibility of default is remote. The head entity of the Tax Consolidated group is VRL. VRL has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

Village Roadshow Limited - Tax Consolidation contribution amounts

In the year ended 30 June 2019, VRL recognised an increase in current tax liabilities of $17.4 million (2018: $7.5 million), and an increase in inter-company receivables of $17.4 million (2018: $7.5 million) in relation to tax consolidation contribution amounts. The Group's utilisation of the tax losses has offset these tax consolidation contribution amounts.

	2019 $'000	2018 $'000
6 DIVIDENDS DECLARED		
(a) Declared during the year		
There have been no dividends declared or paid during the year ended 30 June 2019 (2018: nil).		
(b) Declared subsequent to year-end[1]		
Final dividend on ordinary shares of 5.0 cents per share fully-franked (2018: nil cents per share)	9,757	-
	9,757	-

1 The final dividend for the year ended 30 June 2019, which was declared subsequent to year-end, was not accrued in the 30 June 2019 Financial Statements.

	2019 $'000	2018 $'000
7 CASH AND CASH EQUIVALENTS / FINANCING FACILITIES		
(a) Reconciliation of cash		
Cash on hand and at bank[1]	61,284	62,943
Deposits at call	369	450
Total cash and cash equivalents - continuing operations	61,653	63,393

1 Cash on hand and at bank includes $6.7 million (2018: $2.9 million) of cash held on behalf of customers which is restricted and held in separate bank accounts and used for payment of promotional rebates. This balance cannot be called upon should the Group become insolvent.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Total cash and cash equivalents - continuing operations	61,653	63,393
Total cash and cash equivalents for the purposes of the statement of cash flows	61,653	63,393

(b) Reconciliation of net loss to net operating cash flows		
Net loss	(9,580)	(3,411)
Adjustments for:		
Depreciation	42,002	42,869
Amortisation	28,422	27,870
Impairment and other non-cash adjustments (refer Note 3(b))	17,981	167,435
Provisions	(2,070)	1,725
Shared-based payment expense (credit)	381	(1)
Net gains on disposal of assets (refer Note 2(c) and Note 3(b))	(8,111)	(156,667)
Unrealised foreign currency (gains) losses	(155)	396
Difference between interest expense and interest paid on finance lease liability	3,010	1,462
Difference between equity-accounted results and cash dividends/interest received	1,361	115
Changes in assets and liabilities:		
(Increase) decrease - trade and other receivables	(13,994)	13,320
Increase (decrease) - trade and other payables	12,709	(59,175)
Increase - net current tax assets	(538)	(20,769)
Increase (decrease) - unearned income	8,307	(14,008)
(Decrease) increase - other payables and provisions	(4,012)	3,110
Increase - inventories	(598)	(3,203)
Decrease - capitalised borrowing costs	4,607	2,082
(Decrease) increase - deferred and other income tax liabilities	(6,123)	6,299
Increase - prepayments and other assets	(9,230)	(1,540)
Decrease - film distribution royalties	18,066	13,457
Net operating cash flows	82,435	21,366

(c) Financing facilities available		
At reporting date, the following financing facilities were available:		
Total facilities	350,926	436,756
Facilities used at reporting date	285,926	405,756
Facilities unused at reporting date	65,000	31,000

Refer also to Note 31 for an analysis of the Group's liquidity profile.

As at the date of this report, there were undrawn financing facilities of $60.0 million.

(d) Reconciliation of movements in interest bearing loans & borrowings to cash flows arising from financing activities

	Current Interest Bearing Loans & Borrowings $'000	Non-Current Interest Bearing Loans & Borrowings $'000	Total $'000
Balance as at 1 July 2018	6,866	395,024	401,890
Changes from financing cash flows:			
Proceeds from borrowings	-	8,000	8,000
Repayment of borrowings	(1,201)	(131,599)	(132,800)
Total changes from financing cash flows	(1,201)	(123,599)	(124,800)
Non-cash changes:			
Effect of changes in exchange rates	370	48	418
Amortisation of capitalised borrowing costs	-	3,747	3,747
Other changes	(9)	9	-
Balance as at 30 June 2019	6,026	275,229	281,255

7 CASH AND CASH EQUIVALENTS / FINANCING FACILITIES (continued)

(d) Reconciliation of movements in interest bearing loans & borrowings to cash flows arising from financing activities (continued)

	Current Interest Bearing Loans & Borrowings $'000	Non-Current Interest Bearing Loans & Borrowings $'000	Total $'000
Balance as at 1 July 2017	1,072	626,418	627,490
Changes from financing cash flows:			
Proceeds from borrowings	-	39,000	39,000
Repayment of borrowings	(1,064)	(265,811)	(266,875)
Total changes from financing cash flows	(1,064)	(226,811)	(227,875)
Non-cash changes:			
Effect of changes in exchange rates	43	219	262
Amortisation of capitalised borrowing costs	-	2,013	2,013
Other changes	6,815	(6,815)	-
Balance as at 30 June 2018	6,866	395,024	401,890

	2019 $'000	2018 $'000
8 TRADE AND OTHER RECEIVABLES		
Current:		
Trade and other receivables	129,465	119,715
Allowance for expected credit losses (a)	(128)	(415)
	129,337	119,300
Non-current:		
Trade and other receivables	17,561	12,996
Loans receivable	27	10,894
	17,588	23,890
Due from associates	30,731	26,215
Allowance for expected credit losses (b)	(30,731)	(26,180)
	-	35
	17,588	23,925

(a) Trade and other receivables and allowance for expected credit losses[1]

0 to 3 months - Gross trade and other receivables	140,907	140,662
> 3 months - Gross trade and other receivables	6,146	2,943
0 to 3 months - ECL*	(68)	(60)
> 3 months - ECL*	(60)	(355)
Total trade and other receivables after allowance	146,925	143,190

* Expected Credit Losses ("ECL").

1 Contract assets are included within total trade and other receivables. The expected credit loss on contract assets is negligible.

Movements in the allowance for expected credit losses were as follows:		
Carrying amount at beginning	415	1,195
Charge for the year	14	258
Foreign exchange translation	2	(1)
Amounts written off for the year	(303)	(1,037)
Carrying amount at end	128	415

(b) Due from associates and for allowance for expected credit losses

Movements in the allowance for expected credit losses were as follows:		
Carrying amount at beginning	26,180	36,885
Increase for the year	4,551	3,231
Decrease for the year	-	(13,936)
Carrying amount at end	30,731	26,180

	2019 $'000	2018 $'000
9 INVENTORIES		
Current:		
Merchandise held for resale - at cost	24,738	25,670
Provision for stock loss	(1,601)	(2,092)
	23,137	23,578

Note: Cost of goods sold expense is represented by amounts paid for inventories - refer Note 3(b).

10 GOODWILL AND OTHER INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE 2019	Goodwill $'000	Brand Names[1] $'000	Software & Other $'000	Total $'000
At 1 July 2018				
Cost	315,978	31,680	110,699	458,357
Accumulated amortisation and impairment	(132,804)	(4,020)	(67,858)	(204,682)
Net carrying amount	183,174	27,660	42,841	253,675
Year ended 30 June 2019				
At 1 July 2018, net of accumulated amortisation and impairment	183,174	27,660	42,841	253,675
Additions / transfers	-	-	11,952	11,952
Net currency movements arising from investments in foreign operations	796	-	21	817
Acquisition - Refer Note 34	1,076	-	505	1,581
Impairment	(10,000)	-	-	(10,000)
Disposals	(601)	-	(9)	(610)
Amortisation - refer Note 3(b)	-	-	(17,458)	(17,458)
Net carrying amount	174,445	27,660	37,852	239,957
At 30 June 2019				
Cost	317,249	31,680	116,479	465,408
Accumulated amortisation and impairment	(142,804)	(4,020)	(78,627)	(225,451)
Net carrying amount	174,445	27,660	37,852	239,957
FOR THE YEAR ENDED 30 JUNE 2018				
At 1 July 2017				
Cost	313,877	31,680	112,167	457,724
Accumulated amortisation and impairment	(7,804)	(4,020)	(64,030)	(75,854)
Net carrying amount	306,073	27,660	48,137	381,870
Year ended 30 June 2018				
At 1 July 2017, net of accumulated amortisation and impairment	306,073	27,660	48,137	381,870
Additions / transfers	-	-	16,064	16,064
Net currency movements arising from investments in foreign operations	2,101	-	51	2,152
Impairment	(125,000)	-	(3,706)	(128,706)
Disposals	-	-	(255)	(255)
Transferred to Assets held for sale	-	-	(1,080)	(1,080)
Amortisation - refer Note 3(b)	-	-	(16,370)	(16,370)
Net carrying amount	183,174	27,660	42,841	253,675
At 30 June 2018				
Cost	315,978	31,680	110,699	458,357
Accumulated amortisation and impairment	(132,804)	(4,020)	(67,858)	(204,682)
Net carrying amount	183,174	27,660	42,841	253,675

1 In 2019 and 2018, all of the brand names relate to the Village Roadshow Theme Parks group.

(a) Impairment testing of goodwill and brand names

Goodwill and indefinite life intangible assets are tested at least annually for impairment based upon the recoverable amount of the cash generating units ("CGU's") to which the goodwill and indefinite life intangibles have been allocated. Details of the Group's goodwill and indefinite life intangible assets are provided below.

Recoverable amount assessed on the basis of fair value less costs of disposal:

The recoverable amount of the material balances of the Group's goodwill and indefinite life intangible assets has been determined based on fair value less costs of disposal ("FVLCD") calculations. The key assumptions on which the Group has based cash flow projections when determining FVLCD were that projected future performance was based on past performance and expectations for the future, and that no significant events were identified which would cause the Group to conclude that past performance was not an appropriate indicator of future performance.

10 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

(a) Impairment testing of goodwill and brand names (continued)

Recoverable amount assessed on the basis of fair value less costs of disposal: (continued)

The pre-tax discount rates applied to the cash flow projections were in the range of 10.5% to 14.3% (2018: 10.4% to 13.0%) for Australian based CGU's and 9.2% to 10.8% (2018: 9.8% to 11.3%) for the Marketing Solutions UK CGU. Cash flows used were mainly from the Group's 5 year plans. Cash flows beyond five years were extrapolated using a terminal growth rate range of 0% to 2.75% (2018: 0% to 2.75%). The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU's operate. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used.

Goodwill allocated for impairment testing included material groupings and 2019 balances as follows:

- Village Roadshow Theme Parks group - $42.6 million (2018: $42.1 million) (re: Australian Theme Park interests)
- Roadshow Distributors Pty. Ltd. group - $17.1 million (2018: $27.1 million) (re: Film Distribution interests)
- Village Cinemas Australia Pty. Ltd. group - $47.2 million (2018: $47.2 million) (re: Australian Cinemas Exhibition interests)
- Village Roadshow Digital Pty. Ltd. group - $22.3 million (2018: $22.3 million) (re: Australian Marketing Solutions interest)
- Edge UK Holdings Ltd. group - $45.3 million (2018: $44.5 million) (re: UK Marketing Solutions interest)

Impairment losses recognised:

In the years ended 30 June 2019 and 30 June 2018, as a result of the on-going decline in the physical market and underperformance of certain film titles, impairment losses on goodwill of $10.0 million and $30.0 million, respectively, were recognised relating to the Film Distribution segment thereby reducing the carrying value of the CGU to its recoverable amount.

In the year ended 30 June 2018, the financial performance of the Gold Coast Theme Parks had continued to be significantly impacted by the tragic incident at a competitor park in the 2017 financial year. As a result, an impairment loss on goodwill of $95.0 million was recognised relating to the Theme Parks segment thereby reducing the carrying value of the CGU to its recoverable amount. Following the announcement on 2 July 2018, that the VRL group signed an agreement on 29 June 2018 to sell Wet'n'Wild Sydney, impairment losses on software and other intangible assets of $3.7 million were recognised to reduce the carrying amount to fair value less costs of disposal. There was no goodwill recognised relating to Wet'n'Wild Sydney. Assets relating to Wet'n'Wild Sydney were classified as Held for Sale at 30 June 2018.

Brand names:

Brand names owned by the Village Roadshow Theme Parks group are classified as indefinite life intangible assets and are therefore subject to annual impairment testing. For the purposes of impairment testing the relevant brand names form part of the Australian Theme Parks CGU (2019: $27.7 million, 2018: $27.7 million). Refer above for further details relating to cash flows, growth and discount rates.

Sensitivity to changes in assumptions:

With regard to the assessment of recoverable amount of goodwill and other intangible assets for CGU's within the Cinema Exhibition, Theme Parks and Marketing Solutions segments, if there is a material change to the forecasts and cash flow projection assumptions then there may be a risk the carrying values will exceed their recoverable amounts. Following the impairment noted above, it is also noted that if the recovery of earnings of the Film Distribution segment is lower than currently forecast, there may be a risk of further impairment.

	2019 $'000	2018 $'000
11 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES		
(a) Other Assets		
Current:		
Prepayments	5,924	6,233
Work in progress	11,914	2,973
Other assets	1,129	977
	18,967	10,183
Non-current:		
Security deposits	173	294
	173	294
(b) Film Distribution Royalties		
Opening balance	111,221	127,205
Additions	51,739	72,259
Foreign currency movements	360	1,934
Impairment and other non-cash adjustments (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)[1]	(1,819)	(2,526)
Film hire and other film expenses	(70,165)	(87,651)
	91,336	111,221

1 Following a detailed analysis of film distribution royalty amounts in the Film Distribution segment in the year ended 30 June 2019, impairment and other non-cash adjustments in relation to an onerous contract totalling $1.3 million (2018: $1.8 million) after tax were recognised.

	2019 $'000	2018 $'000
11 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES (continued)		
(b) Film Distribution Royalties (continued)		
Current film distribution royalties	37,439	47,704
Non-current film distribution royalties	53,897	63,517
	91,336	111,221

12 INVESTMENTS - EQUITY-ACCOUNTED		
Non-current:		
Investments - equity-accounted	32,463	31,742

(a) Detailed information: Village Roadshow Entertainment Group business ("VREG") consisting of Village Roadshow Entertainment Group (BVI) Limited

(i) Nature of Relationship and Ownership Percentage:

The VRL group owns 20% (2018: 20%) of the ordinary shares in VREG. The VRL group has USD 10 million of subordinated notes (ranking in priority to the ordinary equity of VREG) outstanding from VREG, repayable by November 2022, with a non-cash return of 15.5%.

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 had been written down to nil due to the recognition of accumulated losses, so that the VRL group had no carrying value for accounting purposes.

VREG is classified as an associate for accounting purposes, and it is noted that 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 year ended to 30 June 2019, no cash interest was included in equity-accounted results (2018: nil), and no cash dividends were received in either the current or previous corresponding periods.

(ii) Principal Place of Business and Country of Incorporation:

Village Roadshow Entertainment Group (BVI) Limited was incorporated in the British Virgin Islands, and its principal place of business is Road Town, Tortola, British Virgin Islands.

(iii) Dividends Received:

In the year ended 30 June 2019, the VRL group did not receive any dividends from VREG (2018: nil).

	2019 $'000	2018 $'000
(iv) Summarised Financial Information (at 100%):		
Current assets	98,379	66,719
Non-current assets	207,160	367,987
Current liabilities	48,759	119,705
Non-current liabilities	1,258,016	1,128,528
Equity (deficiency)	(1,001,236)	(813,527)
Carrying value of investment	-	-
Total income	247,509	144,575
Operating (loss) profit after tax - continuing operations	(85,131)	65,353
Operating profit after tax - discontinued operations	-	-
Total operating (loss) profit after tax	(85,131)	65,353
Other Comprehensive expense	-	(553)
Total Comprehensive (expense) income	(85,131)	64,800
Equity-accounted share of VREG's loss after tax	-	-
Cumulative unrecognised share of VREG's losses after income tax due to discontinuation of equity method	(187,983)	(160,617)

The summarised financial information shown above is based on the unaudited management accounts of VREG, as the audited accounts are not yet available.

All VREG debt is non-recourse to the VRL group.

(b) Detailed information: FilmNation Entertainment LLC ("FilmNation"):

(i) Nature of Relationship and Ownership Percentage:

The VRL group owns 31.03% (2018: 31.03%) of the ordinary shares in FilmNation. FilmNation is classified as an associate for accounting purposes.

(ii) Principal Place of Business and Country of Incorporation:

FilmNation was incorporated in the United States of America, and the principal place of business for FilmNation and its subsidiaries is 150 West 22nd Street, 9th Floor, New York, USA.

12 INVESTMENTS - EQUITY-ACCOUNTED (continued)

(b) Detailed information: FilmNation Entertainment LLC ("FilmNation"): (continued)

(iii) Dividends Received:

In the year ended 30 June 2019, the VRL group received $2.6 million in dividends from FilmNation (2018: $1.0 million).

	2019 $'000	2018 $'000
(iv) Summarised Financial Information (at 100%):		
Current assets	162,445	121,035
Non-current assets	11,447	36,128
Current liabilities	76,836	84,838
Non-current liabilities	52,374	25,247
Equity	44,682	47,078
Carrying value of investment	31,604	30,750
Total income	129,473	47,597
Operating profit after tax - continuing operations	4,454	3,603
Operating profit after tax - discontinued operations	-	-
Total operating profit after tax	4,454	3,603
Other Comprehensive Income	-	-
Total Comprehensive Income	4,454	3,603
Equity-accounted share of FilmNation's profit after tax	1,382	1,118

The summarised financial information shown above is based on the unaudited management accounts of FilmNation, as the audited accounts for FilmNation are prepared as at 31 December each year.

(c) Detailed information: iPic Entertainment Inc. group:

(i) Nature of Relationship and Ownership Percentage:

The VRL group owns 24.4% (2018: 24.5%) of the ordinary shares in iPic Entertainment Inc. group.

iPic Entertainment Inc. is classified as an associate for accounting purposes. The fair value of the VRL group's investment in the iPic Entertainment Inc. group at 30 June 2019 based on the quoted market price was USD 10.4 million (2018: USD 22.6 million). On 5 August 2019, iPic Entertainment Inc. announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. Refer to Note 28 for further information and Note 23(a)(iii) regarding the settlement of VRL's guarantee exposure to the iPic business.

(ii) Principal Place of Business and Country of Incorporation:

iPic Entertainment Inc. was incorporated in the United States of America, and the principal place of business for the iPic Entertainment Inc. group is 433 Plaza Real, Suite 335, Boca Raton, Florida, USA.

(iii) Dividends Received:

In the year ended 30 June 2019, the VRL group did not receive any dividends from the iPic Entertainment Inc. group (2018: nil).

	2019 $'000	2018 $'000
(iv) Summarised Financial Information (at 100%):		
Current assets	8,986	17,931
Non-current assets	208,664	187,559
Current liabilities	133,171	33,844
Non-current liabilities	309,497	298,558
Equity (deficiency)	(225,018)	(126,912)
Carrying value of investment	-	-
Total income	189,940	182,289
Operating loss after tax - continuing operations	(73,618)	(76,922)
Operating profit after tax - discontinued operations	-	-
Total operating loss after tax	(73,618)	(76,922)
Other Comprehensive Income	-	-
Total Comprehensive Expense	(73,618)	(76,922)
Equity-accounted share of iPic Entertainment Inc. group loss after tax	-	-
Cumulative unrecognised share of iPic Entertainment Inc. group losses after income tax due to discontinuation of equity method (2019: 24.4% and 2018: 24.5%)	(45,969)	(28,151)

The summarised financial information shown above is based on the unaudited management accounts of iPic Entertainment Inc. group as the audited accounts for iPic Entertainment Inc. group are prepared as at 31 December each year.

12 INVESTMENTS - EQUITY-ACCOUNTED (continued)

(d) Aggregated information - other equity-accounted investments:

	2019 $'000	2018 $'000
(i) Aggregated financial information - other equity-accounted investments:		
Carrying value of investment	859	992
Share of operating loss after tax	(107)	(214)
Share of other Comprehensive Income	-	-
Share of Total Comprehensive Expense	(107)	(214)

13 INTERESTS IN JOINT OPERATIONS

Names and principal activities of joint operations, and the percentage interest held by entities in the Group in those joint operations:

NAME	PRINCIPAL ACTIVITY	% INTEREST HELD 2019	% INTEREST HELD 2018
Australian Theatres	Multiplex cinema operator	50.00%	50.00%
Browns Plains Multiplex Cinemas	Multiplex cinema operator	50.00%	50.00%
Carlton Nova / Palace	Cinema operator	25.00%	25.00%
Castle Towers Multiplex Cinemas	Multiplex cinema operator	50.00%	50.00%
Loganholme Cinemas	Cinema operator	50.00%	50.00%
Morwell Multiplex Cinemas	Cinema operator	75.00%	75.00%
Mt. Gravatt Multiplex Cinemas	Cinema operator	33.33%	33.33%
TG-VR Australia[1]	Sports entertainment operator	see footnote	66.67%
Village / GUO / BCC Cinemas	Cinema operator	50.00%	50.00%
Village / Sali Cinemas Bendigo	Cinema operator	50.00%	50.00%
Village Warrnambool Cinemas	Cinema operator	50.00%	50.00%
Werribee Cinemas	Cinema operator	50.00%	50.00%

1 Effective from 13 August 2018, the ownership percentage of the Topgolf Joint Venture by the VRL group's joint venture partner, Topgolf Australia Pty. Ltd. has reduced from 33.33% down to 3.7%. As a result, the VRL group's ownership percentage in the Topgolf Joint Venture has increased from 66.67% to 96.3% (refer Note 34 for further information) and is now controlled by VRL.

There were no impairment losses in the joint operations.

Share of contingent assets and contingent liabilities incurred jointly with other partners - refer Note 23 for disclosures.

14 SUBSIDIARIES

NAME	COUNTRY OF INCORPORATION[1]	% OWNED 2019	% OWNED 2018
Countrywide Property Investments (UK) Limited	United Kingdom	80.00%	80.00%
DEG Holdings Pty. Limited	Australia	100.00%	100.00%
Edge Loyalty Systems Pty. Limited	Australia	100.00%	100.00%
Edge Loyalty Europe Limited	United Kingdom	80.00%	80.00%
Edge PRI (Asia) Pte. Limited	Singapore	100.00%	100.00%
Edge UK Holdings Limited	United Kingdom	100.00%	100.00%
Entertainment of The Future Pty. Limited	Australia	100.00%	100.00%
Harvest Family Entertainment Arizona LLC[3]	United States	-	100.00%
Lyfe Loyalty Pty. Limited	Australia	100.00%	100.00%
Movie World Holdings Joint Venture	Australia	100.00%	100.00%
MyFun Pty. Limited	Australia	100.00%	100.00%
Opia International (UK) Limited	United Kingdom	80.00%	80.00%
Opia Limited	United Kingdom	80.00%	80.00%
Opia LP	United States	80.00%	80.00%
Opia Risk (SA) Limited[2]	South Africa	80.00%	-
Opia Russia Limited	Russia	80.00%	80.00%
Opia US Inc.	United States	80.00%	80.00%
Opia (Thailand) Limited[3]	Thailand	-	80.00%
PC Subscription Limited	United Kingdom	80.00%	80.00%
Reel DVD Pty. Limited	Australia	100.00%	100.00%
Roadshow Distributors Pty. Limited	Australia	100.00%	100.00%
Roadshow Entertainment (NZ) Limited	New Zealand	100.00%	100.00%
Roadshow Films Pty. Limited	Australia	100.00%	100.00%
Roadshow Pay Movies Pty. Limited	Australia	100.00%	100.00%
Roadshow Productions Pty. Limited	Australia	100.00%	100.00%
Roadshow Television Pty. Limited	Australia	100.00%	100.00%
Roadshow Unit Trust	Australia	100.00%	100.00%

14 SUBSIDIARIES (continued)

NAME	COUNTRY OF INCORPORATION[1]	% OWNED 2019	% OWNED 2018
RPRD #1 Pty. Limited	Australia	99.00%	99.00%
RPRD #2 Pty. Limited	Australia	99.00%	99.00%
RPRD #3 Pty. Limited[2]	Australia	99.00%	-
Sea World Helicopters Pty. Limited[3]	Australia	-	100.00%
Sea World Management Pty. Limited	Australia	100.00%	100.00%
Sea World Property Trust	Australia	100.00%	100.00%
Sincled Investments Pty. Limited	Australia	100.00%	100.00%
Summit Digital Limited	United Kingdom	80.00%	80.00%
The Waterpark LLC	United States	50.09%	50.09%
The Waterpark Management LLC	United States	50.00%	50.00%
Village Cinemas Australia Pty. Limited	Australia	100.00%	100.00%
Village Golf Australia Pty. Limited	Australia	66.67%	66.67%
Village Golf Holdings Pty. Limited	Australia	100.00%	100.00%
Village Online Investments Pty. Limited	Australia	100.00%	100.00%
Village Roadshow (Fiji) Limited	Fiji	100.00%	100.00%
Village Roadshow Attractions USA Inc.	United States	100.00%	100.00%
Village Roadshow Australian Films Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Digital Pty. Limited	Australia	100.00%	100.00%
Village Roadshow East Coast Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Exhibition Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Group Services Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Holdings Hong Kong Limited	Hong Kong	100.00%	100.00%
Village Roadshow Holdings Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Intencity Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Investments Holdings USA Inc.	United States	100.00%	100.00%
Village Roadshow IP Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Leisure Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Pictures International Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Pictures Television Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Share Plan Pty. Limited	Australia	100.00%	100.00%
Village Roadshow SPV1 Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Theatres Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Theme Parks Operations (Hainan) Limited	China	100.00%	100.00%
Village Roadshow Theme Parks Operations (Yunnan) Co. Limited[2]	China	100.00%	-
Village Roadshow Theme Parks Operations (Zhuhai) Co. Limited	China	100.00%	100.00%
Village Roadshow Theme Parks Pty. Limited	Australia	100.00%	100.00%
Village Roadshow Treasury Pty. Limited	Australia	100.00%	100.00%
Village Roadshow UK Holdings Pty. Limited	Australia	100.00%	100.00%
Village Roadshow USA Holdings Pty. Limited	Australia	100.00%	100.00%
Village Theatres 3 Limited	United Kingdom	100.00%	100.00%
Village Theatres Morwell Pty. Limited	Australia	75.00%	75.00%
VR - Big Croc Pty. Limited[2]	Australia	100.00%	-
VR Corporate Services Pty. Limited	Australia	100.00%	100.00%
VR ESP Finance Pty. Limited	Australia	100.00%	100.00%
VR Leisure Holdings Pty. Limited	Australia	100.00%	100.00%
VR Theme Parks Holdings USA Inc.[3]	United States	-	100.00%
VR Theme Parks USA Inc.[3]	United States	-	100.00%
VRPPL Pty. Limited	Australia	100.00%	100.00%
VRS Holdings Pty. Limited	Australia	100.00%	100.00%
VRTP Entertainment Pty. Limited	Australia	100.00%	100.00%
VRTP Services Pty. Limited	Australia	100.00%	100.00%
WB Properties Australia Pty. Limited	Australia	100.00%	100.00%
Wet'n'Wild Sydney Pty. Limited[3]	Australia	-	100.00%
WSW Units Pty. Limited	Australia	100.00%	100.00%

1 Foreign subsidiaries carry out their business activities in the country of incorporation.
2 Entity purchased or incorporated during the year.
3 Entity sold or dissolved during the current year.

	2019 $'000	2018 $'000
15 PROPERTY, PLANT & EQUIPMENT		
Land:		
At cost	8,646	10,084
Finance lease asset:		
At cost	101,500	101,500
Buildings & improvements:		
At cost	154,043	144,822
Less depreciation and impairment	(52,179)	(45,516)
	101,864	99,306
Capital work in progress:		
At cost less impairment	21,001	17,676
Leasehold improvements:		
At cost	296,000	281,712
Less amortisation and impairment	(143,308)	(133,300)
	152,692	148,412
Plant, equipment & vehicles:		
At cost	726,496	691,164
Less depreciation and impairment	(455,982)	(428,199)
	270,514	262,965
	656,217	639,943
(a) Reconciliations		
Land:		
Carrying amount at beginning	10,084	34,413
Additions	-	1,676
Disposals	(1,722)	(26,220)
Net foreign currency movements arising from investments in foreign operations	284	215
Carrying amount at end	8,646	10,084
Finance lease asset:		
Carrying amount at beginning	101,500	-
Addition - refer Note 33	-	101,500
Carrying amount at end	101,500	101,500
Buildings & improvements:		
Carrying amount at beginning	99,306	99,397
Additions / transfers	9,074	15,420
Net foreign currency movements arising from investments in foreign operations	826	586
Impairment[1]	(2,407)	-
Disposals	(326)	(514)
Transferred to Assets held for sale[1]	-	(11,375)
Depreciation expense	(4,609)	(4,208)
Carrying amount at end	101,864	99,306
Capital work in progress:		
Carrying amount at beginning	17,676	15,919
Additions	18,117	43,900
Net foreign currency movements arising from investments in foreign operations	16	14
Transferred to Assets held for sale[1]	-	(473)
Transfers	(14,808)	(41,684)
Carrying amount at end	21,001	17,676
Leasehold improvements:		
Carrying amount at beginning	148,412	167,055
Additions / transfers	7,554	16,555
Acquisition - refer Note 34	7,798	-
Net foreign currency movements arising from investments in foreign operations	-	1
Impairment[1]	-	(12,160)
Disposals	(108)	(24)
Transferred to Assets held for sale[1]	-	(11,515)
Amortisation expense	(10,964)	(11,500)
Carrying amount at end	152,692	148,412

	2019 $'000	2018 $'000
15 PROPERTY, PLANT & EQUIPMENT (continued)		
(a) Reconciliations (continued)		
Plant, equipment & vehicles:		
Carrying amount at beginning	262,965	299,029
Additions / transfers	47,492	34,307
Acquisition - refer Note 34	3,198	-
Impairment[1]	(2,977)	(16,480)
Net foreign currency movements arising from investments in foreign operations	180	53
Disposals	(2,951)	(194)
Transferred to Assets held for sale[1]	-	(15,089)
Depreciation expense	(37,393)	(38,661)
Carrying amount at end	270,514	262,965

1 Impairment losses on property, plant & equipment of $5.4 million (2018: $8.5 million) were recognised in the year ended 30 June 2019 in relation to Wet'n'Wild Las Vegas which is in the Theme Parks segment. For the Wet'n'Wild Las Vegas assessment, the pre-tax discount rate used was 10.4% and the recoverable amount was based on fair value less costs of disposal. Cash flows beyond five years were extrapolated using a terminal growth rate of 2.5%, and the latest updated forecasts were used in the impairment review, which were lower than the forecasts included in the latest 5 year plan due to the relevant underlying financial performance being lower than expected. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used, and the impairment losses have been disclosed in Note 3(b).

Impairment losses for property, plant & equipment of $28.6 million were recognised for continuing operations in the year ended 30 June 2018, related to the Theme Parks segment. In addition, impairment losses on software and other intangible assets of $3.7 million were recognised in the year ended 30 June 2018, also relating to the Theme Parks segment. Following the announcement on 2 July 2018, that the VRL group had signed an agreement on 29 June 2018 to sell Wet'n'Wild Sydney, impairment losses on property, plant & equipment of $20.1 million were recognised to reduce the carrying amount to fair value less costs of disposal. Assets relating to Wet'n'Wild Sydney were classified as Held for Sale at 30 June 2018.

Sensitivity to changes in assumptions:

With regard to the assessment of recoverable amount of property, plant & equipment for CGU's within the Cinema Exhibition, Film Distribution and Marketing Solutions segments, the Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to exceed recoverable amounts. Following the impairment noted above, it is also noted that if the recovery of earnings of the Wet'n'Wild Las Vegas is lower than currently forecast, there may be a risk of further impairment.

	2019 $'000	2018 $'000
16 TRADE AND OTHER PAYABLES		
Current:		
Trade and sundry payables	228,400	202,777
Non-current:		
Trade and sundry payables	30,220	39,227
Owing to other	20,613	3,509
	50,833	42,736

For terms and conditions refer to Note 31(c)(ii).

17 INTEREST BEARING LOANS AND BORROWINGS		
Current:		
Secured borrowings	6,026	6,866
Non-current:		
Secured borrowings	275,229	395,024

Terms and conditions relating to the VRL group finance facility:

As advised to the Australian Securities Exchange on 21 December 2018, the VRL group refinanced its Group finance facility with a syndicate of local and international lenders. The total facility of $340 million includes a three-year revolving facility of $230 million and a five-year term debt facility of $110 million. These facilities have no scheduled amortisation and are subject to interest at variable interest rates (however the Group has interest rate hedging in place over a portion of the debt). These facilities are secured by guarantees from VRL and various wholly-owned subsidiaries and charges over the assets of those subsidiaries.

The VRL group finance facility requires the Group to meet certain debt covenants. The Group is in compliance with these covenants at 30 June 2019.

	2019 $'000	2018 $'000
18 PROVISIONS		
Current:		
Employee benefits	29,588	31,533
Other	1,793	3,216
	31,381	34,749

	2019 $'000	2018 $'000
18 PROVISIONS (continued)		
Non-current:		
Employee benefits	961	1,057
Make good provision	5,223	4,628
Other	2,469	4,907
	8,653	10,592
Employee benefit liabilities:		
Provision for employee benefits -		
Current	29,588	31,533
Non-current	961	1,057
Aggregate employee benefit liabilities	30,549	32,590
(a) Reconciliations		
Make good provision:		
Carrying amount at the beginning of the financial year	4,628	4,463
Amounts added during the year	633	500
Amounts utilised or written back during the year	(120)	(501)
Discount adjustment	82	166
Carrying amount at the end of the financial year	5,223	4,628
Other provisions:		
Carrying amount at the beginning of the financial year	8,123	5,161
Increase in provision	-	4,138
Amounts utilised or written back during the year	(3,873)	(1,188)
Foreign currency movements	12	12
Carrying amount at the end of the financial year	4,262	8,123

Make good provision:

In accordance with certain lease agreements, the Group must restore leased premises to the original condition on expiration of the relevant lease. Provisions are raised in respect of such 'make good' clauses to cover the Group's obligation to remove leasehold improvements from leased premises where this is likely to be required in the foreseeable future. Make good provisions are also recognised in relation to the likely closure of rides/attractions in the Theme Parks division. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

Other provisions:

Other provisions mainly comprise of rent incentive provisions which are being amortised over the life of the corresponding leases, with the balance relating to various other matters.

	2019 $'000	2018 $'000
19 UNEARNED REVENUE AND OTHER LIABILITIES		
Current:		
Unearned revenue - revenue from contracts with customers - refer Note 2(d)	50,666	45,198
Unearned revenue - other	4,214	4,930
Other	8,882	-
	63,762	50,128
Non-current:		
Unearned revenue - revenue from contracts with customers - refer Note 2(d)	565	798
Unearned revenue - other[1]	76,225	79,448
Other	-	1,240
	76,790	81,486

1 The non-current unearned revenue predominantly relates to the deferred gain on the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast. As at 30 June 2019, the unearned revenue amounts to $69.3 million (2018: $72.2 million). Refer to Note 33 for further information.

20 CONTRIBUTED EQUITY		
Issued and fully paid up capital:		
Ordinary shares	296,485	244,428
Employee share loans deducted from equity[1]	(21,314)	(18,880)
	275,171	225,548

1 Secured advances - executive loans (refer also to Note 26).

20 CONTRIBUTED EQUITY (continued)

Under the terms of the Executive Share Option Plan Loan Facility, dividends are used to repay the interest accrued with any surplus dividend payment used to repay the capital amount of the loan.

Under the terms of the Executive Share Plan & Loan Facility to 2011, 10 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan. Under the terms of the Executive Share Plan & Loan Facility for allotments from 2012 onwards, 20 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan. For allotments from 1 July 2016, the loan interest rate is 25 cents per share.

Ordinary shares:

During the 2019 and 2018 years, movements in fully paid ordinary shares on issue were as follows:

	CONSIDERATION		NO. OF SHARES	
	2019	2018	2019	2018
	$'000	$'000	Thousands	Thousands
Beginning of the financial year	244,428	244,421	161,860	161,830
Allotment - September 2017 at $3.73 - Directors' Share Plan	-	73	-	20
Allotment - December 2017 at $3.91 - Directors' Share Plan	-	72	-	19
Allotment - March 2018 at $3.42 - Directors' Share Plan	-	72	-	21
Buy-back - May 2018 at $4.72 - Executive Share Plan	-	(283)	-	(60)
Allotment - June 2018 at $2.40 - Directors' Share Plan	-	73	-	30
Entitlement offer - July/August 2018 - $1.65	49,211	-	31,130	-
Allotment - September 2018 at $2.22 - Directors' Share Plan	54	-	24	-
Allotment - December 2018 at $2.50 - Executive Share Plan	3,125	-	1,250	-
Allotment - December 2018 at $2.50 - Directors' Share Plan	58	-	23	-
Allotment - March 2019 at $3.34 - Directors' Share Plan	64	-	19	-
Buy-back - May 2019 at $4.72 - Executive Share Plan	(519)	-	(110)	-
Allotment - June 2019 at $3.27 - Directors' Share Plan	64	-	20	-
End of the financial year	296,485	244,428	194,216	161,860

Entitlement offer:

As advised to the Australian Securities Exchange on 10 July 2018 (and updated a number of times in July and August 2018), the Company completed a 5 for 26 pro-rata accelerated non-renounceable entitlement offer during the year. The offer raised net proceeds of $49.2 million, and the net proceeds were used to reduce the VRL group's borrowings.

Issued options:

In accordance with a special resolution of the Company's shareholders on 15 November 2012, 4,500,000 options over ordinary shares were allotted to Mr. Graham W. Burke, the Chief Executive Officer, with 1,500,000 options being exercisable at an exercise price of $3.76 per share not earlier than 1 March 2016; 1,500,000 options being exercisable at an exercise price of $3.76 per share not earlier than 1 March 2017; and 1,500,000 options being exercisable at an exercise price of $3.76 per share not earlier than 1 March 2018. Following the $0.25 reduction of share capital approved by shareholders at the Annual General Meeting in November 2013, the exercise price of these options was reduced to $3.51 per share, effective from 31 December 2013. Following the pro-rata non-renounceable 5 for 26 rights issue in July 2018, the exercise price of the options was reduced to $3.41.

All the options were subject to performance hurdles as outlined in Note 26 and were exercisable no later than 1 March 2019 or 12 months following cessation of Mr. Burke's employment with the Company, whichever was the earlier. 750,000 second tranche options due to vest on 1 March 2017 vested and 750,000 third tranche options due to vest on 1 March 2018 vested as the DPS CAGR hurdles were met. The 1,500,000 vested options, which remained unexercised as at 30 June 2018, were not exercised and lapsed during the 2019 financial year. No options remain at 30 June 2019.

The names of all persons who currently hold options are entered in the register kept by the Company, which may be inspected free of charge.

The Company has issued various 'in substance options' - refer Note 26.

Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, holders of such shares have the right to participate in the distribution of any surplus assets of the Company.

Ordinary shares entitle their holder to the following voting rights:

- On a show of hands - one vote for every member present in person or by proxy.
- On a poll - one vote for every share held.

20 CONTRIBUTED EQUITY (continued)

Capital management:

When managing capital, management's objective is to ensure that the Group continues as a going concern, as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

As the market is constantly changing and the Group reviews new opportunities, management may change the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt, as methods of being able to meet its capital objectives.

Management undertake continual reviews of the Group's capital structure and use gearing ratios as a key metric for this analysis (net debt/total capital). The gearing ratios at 30 June 2019 and 2018 were as follows:

	2019 $'000	2018 $'000
Total borrowings	281,255	401,890
Less cash and cash equivalents	(61,653)	(63,393)
Net debt	219,602	338,497
Total equity	434,509	393,811
Total capital	654,111	732,308
Gearing ratio	34%	46%

Other than as required as usual under various financing agreements, the Group is not subject to any externally imposed capital requirements.

	2019 $'000	2018 $'000
21 RESERVES AND RETAINED EARNINGS		
Foreign currency translation reserve:		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and on equity-accounted investments.		
Balance at beginning of year	(9,166)	(3,649)
Amount relating to translation of accounts and net investments before tax effect	2,647	(2,767)
Tax effect of relevant movements for the year	(2,197)	(2,750)
Balance at end of year	(8,716)	(9,166)
Cash flow hedge reserve:		
This reserve records the portion of the gain or loss on hedging instruments that are classified as cash flow hedges, and which are determined to be effective hedges.		
Balance at beginning of year	(461)	(2,705)
Movement on effective hedging instruments during the year before tax effect	514	3,492
Tax effect of movement on effective hedging instruments during the year	236	(1,248)
Balance at end of year	289	(461)
Equity instruments reserve:		
This reserve records the change in fair value in equity instruments financial assets.		
Balance at beginning of year	364	-
Gain on equity instruments at fair value through OCI	(434)	364
Balance at end of year	(70)	364
Asset revaluation reserve:		
The asset revaluation reserve is used to record uplifts on assets owned following business combinations.		
Balance at beginning of year	91,474	91,474
Balance at end of year	91,474	91,474
Employee equity benefits reserve:		
This reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration (refer Note 26).		
Balance at beginning of year	13,243	13,244
Share-based payment movements	381	(1)
Balance at end of year	13,624	13,243
Controlled entity acquisition reserve:		
This reserve represents the incremental amount for the put and call options over the remaining 20% non-controlling interest in Countrywide Property Investments (UK) Limited and subsidiaries ("Opia").		
Balance at beginning of year	(9,024)	(8,856)
Change in fair value	809	(168)
Balance at end of year	(8,215)	(9,024)

	2019 $'000	2018 $'000
21 RESERVES AND RETAINED EARNINGS (continued)		
General reserve:		
The general reserve is used for amounts that do not relate to other specified reserves.		
Balance at beginning of year	344	344
Balance at end of year	344	344
Total reserves	88,730	86,774
Retained earnings:		
Balance at the beginning of year	70,509	70,290
Adoption of new accounting standards - refer Note 1(b)	(1,194)	-
Net (loss) profit attributable to members of VRL	(6,575)	219
Total available for appropriation	62,740	70,509
Balance at end of year	62,740	70,509

22 NON-CONTROLLING INTEREST		
Non-controlling interest in subsidiaries:		
Contributed equity / other	18,933	17,965
Adoption of new accounting standards - refer Note 1(b)	(310)	-
Retained earnings	(10,755)	(6,985)
	7,868	10,980

23 CONTINGENCIES

(a) Contingent liabilities

Best estimate of amounts relating to:

(i) Joint and several obligations for operating lease commitments of partners in joint operations[1]	29,098	4,371

1 Refer Note 23(b)(i) for corresponding amount reflecting the related contingent assets.

(ii) Other contingent liabilities - Income Tax:

The VRL group anticipates that tax audits may occur from time to time in Australia, and the VRL group is subject to routine tax audits in certain overseas jurisdictions.

As disclosed in Note 22(a)(iii) in the 30 June 2018 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.

Since the commencement of the audit, VRL has provided multiple rounds of information requested by the ATO. In July 2019, the ATO issued a position paper. VRL responded to the ATO position paper in August 2019. The outcome of VRL's response and any subsequent ATO step is not expected until second quarter of FY20. VRL does not believe that any material impact will arise from this Tax Audit.

(iii) Guarantee issued in relation to Associate:

As disclosed in Note 22(a)(iv) in the 30 June 2018 financial report, VRL procured a bank guarantee to support the financing of an associated entity relating to the iPic business. VRL's guarantee exposure in relation to the iPic business is USD 5.6 million and was previously disclosed as a contingent liability. As at 30 June 2019, VRL has recognised the full amount of this financial guarantee liability at USD 5.6 million (A$8.0 million). Refer Note 28 for further information.

(b) Contingent assets

In the event that any entity in the Group is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess. Specifically, the Group has a contingent asset for the amount of the following joint and several operating lease commitments in the event that it is called upon to meet liabilities of the other joint venturers:

	2019 $'000	2018 $'000
(i) Right of recourse in relation to joint and several obligations for operating lease commitments of partners in joint operations[1]	29,098	4,371

1 Refer Note 23(a)(i) for corresponding amount reflecting the related contingent liabilities.

24 COMMITMENTS

(a) Operating leases

The Group has entered into commercial leases for cinemas, offices and other operational location sites. The lease commitments schedule below includes cinema, office and attraction leases with terms of up to 15 years, however it does not include terms of renewal. In general, cinema, office and attraction leases do not include purchase options although on rare occasions there may be a purchase option. Renewals are at the option of the specific entity that holds that lease. In addition, the leases include the Crown leases entered into by Sea World Property Trust, which have a remaining term of 38 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2019 $'000	2018 $'000
(i) Operating leases - Minimum lease payments:		
Payable within 1 year	48,594	53,340
Payable between 1 and 5 years	138,054	162,423
Payable after 5 years	213,920	254,385
	400,568	470,148
(ii) Operating leases - Percentage based lease payments:[1]		
Payable within 1 year	4,254	3,340
Payable between 1 and 5 years	12,184	11,384
Payable after 5 years	18,157	15,239
	34,595	29,963
Total operating lease commitments	435,163	500,111

1 Accounting standard AASB 117: *Leases* applies to the rental commitments of the Group. The Group is required to pay percentage rent on certain operating leases. Percentage rent is payable as either Incentive Rent or Revenue Share. Incentive Rent occurs when the operating lease creates a liability to pay the lessor a percentage of the Gross Receipts when a cinema site's earnings exceed the base threshold. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but may also include revenue from licence fees, arcade games and the sale of promotional material. It is not possible for the Group to reliably determine the amount of percentage rent that will be payable under each of the operating leases, as such, percentage rent is expensed as incurred, rather than being included in the operating rent expense recognised on a straight-line basis over the life of the lease.

	2019 $'000	2018 $'000
(b) Other expenditure commitments		
Estimated capital and other expenditure contracted for at reporting date but not provided for:	16,397	7,063

25 KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures of the Key Management Personnel ("KMP") of Village Roadshow Limited and the Group are set out in the Remuneration Report section of the Directors' Report.

(a) Compensation of Key Management Personnel by category

The compensation, by category, of the KMP is set out below:

	VILLAGE ROADSHOW LIMITED AND THE GROUP	
	2019 $	2018 $
Short-term	5,672,443	7,152,668
Post-employment	145,849	174,194
Other Long-term	(221,316)	483,314
Sub-totals	5,596,976	7,810,176
Share-based Payment	142,892	(228,990)
Total	5,739,868	7,581,186

(b) Other transactions and balances with Key Management Personnel

In addition to specific disclosure requirements, the VRL group continuously re-assesses judgemental matters surrounding relationships with KMP and completeness of its related party disclosures. Judgements relating to the following relationships have been reviewed by the VRL group and considered prudent to make a judgement in this year to include these as related party disclosures.

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with R.G. Kirby, which arose in 2008. The total purchases were $242,735 in the year ended 30 June 2019 (2018: $298,779). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions. As at 30 June 2019, the total amount owing by the VRL group, and included in current liabilities was $51,150 (2018: $66,767). The Company is in the process of conducting a competitive tender for uniform purchases for the year ending 30 June 2020.

25 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Other transactions and balances with Key Management Personnel (continued)

As reported in the 31 December 2018 half-year financial report, the Theme Parks division entered into a contract in the current year for call centre services with Oracle Customer Management Solutions Pty. Ltd. ("OCMS"). OCMS has sub-contracted some of those services to a company in which a relative of G.W. Burke has an economic interest. Total purchases under the contract were $1,870,391 in the year ended 30 June 2019 and these transactions were carried out under arm's length terms and conditions. As at 30 June 2019, there were no amounts owing by the VRL group under the contract. The Group has re-assessed this contract and taken advice, and determined that it is not a reportable related party transaction. Unless the circumstances change, this transaction will no longer be disclosed in the future.

Peninsula Cinemas Pty. Ltd. ("Peninsula Cinemas"), which are non-competing cinemas owned by an entity associated with Mr. R.G. Kirby, exhibit films supplied by the Film Distribution division of the VRL group on arm's length terms and conditions. The total amount charged by the VRL group for the year ended 30 June 2019 was $228,829 (2018: $242,965). Other net reimbursement amounts paid by Peninsula Cinemas to the VRL group in relation to operational cinema matters in the year ended 30 June 2019 totalled $18,159 (2018: $8,252).

The VRL group purchased wine from Yabby Lake International Pty. Ltd. ("Yabby Lake"), an entity in which family members of Mr. R.G. Kirby have an economic interest. The total purchases were $329,789 for the year ended 30 June 2019 (2018: $365,393). The wine purchased was mainly for the Cinema Exhibition division's Gold Class cinemas and for Corporate functions. These transactions were carried out under arm's length terms and conditions. The Company has put in place arrangements to cease the purchase of wine from Yabby Lake by 31 December 2019. In the future, a competitive tender process will be undertaken and Yabby Lake will be able to participate at that time.

The Film Distribution division of the VRL group distributes a number of older film titles in which Village Roadshow Corporation Pty. Ltd. ("VRC"), the Company's immediate parent entity, has economic interests. During the year ended 30 June 2019, $265 of film royalties (2018: $2,685) were paid to VRC.

The VRL group recharged net occupancy costs for accommodation provided and received and other net recharges for services provided and received, on an arm's length basis, to a number of entities associated (either individually or collectively) with Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke. The total net amount charged by the VRL group for the various occupancy and other services in the year ended 30 June 2019 was $144,290 (2018: $126,377).

The VRL group has recognised in the current year $157,270 for the provision of art works and related insurance costs by an entity associated with Mr. R.G. Kirby, in relation to the years ended 30 June 2019 and 30 June 2018. It has been agreed that from 1 July 2019, there will be no charge for the provision of art works.

As at 30 June 2019, the total amount owing by the related parties detailed above, and included in current assets of the VRL group, was $46,963 (2018: $63,940), and the total amount owing by the VRL group to the related parties detailed above, and included in current liabilities, was $67,579 (2018: $103,764).

26 SHARE-BASED PAYMENT PLANS

(a) Long-Term Incentive Executive Share and Loan Plans ("LTI plans")

During the current and prior periods the consolidated entity had two different LTI plans in which Group employees, including Key Management Personnel ("KMP"), participated to varying extents. These included:

1. The Company's Executive Share Plan and Loan Facility ("ESP") introduced in 1996; and
2. The 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP").

At 30 June 2019 only the ESP remains in operation.

All LTI plans were approved by shareholders at the time of their introduction. Grants were made from time to time as appropriate, and all proposed grants to Directors of the Company were put to shareholders for approval. The quantum of the LTI plan grants are reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the consolidated entity.

The ESP plan for senior executives of the consolidated entity has no specific performance conditions for the removal of restrictions over the relevant shares other than successful achievement of annual performance criteria. Any value accruing to KMP and senior executives from the LTI plan is derived from improvement in the Company's share price and dividends and distributions by the Company. The LTI plan also encourages a sense of ownership with those senior executives to whom the LTI plan shares are granted, assisting in aligning their long-term interests with those of shareholders. From 1 July 2016, the vesting of ESP shares is subject to meeting total shareholder return performance hurdles, further aligning the interest of executives with shareholders.

The Company considers that the five year period over which the ESP 'in-substance options' are 'earned' and the long-term horizon of the loans from the consolidated entity for the ESP for the duration of the employees' employment are appropriate given the shorter term annual performance hurdles to which each senior executive is subject. Similarly, the three, four and five year vesting periods of the ordinary options granted to the Company's CEO in the 2012 OP, together with the performance conditions attaching to each tranche of options, were designed to encourage performance and to closely align the CEO's interests with those of shareholders.

There are no provisions within the ESP for the automatic removal of restrictions on the relevant shares in the event of a change of control of the Company.

26 SHARE-BASED PAYMENT PLANS (continued)

(a) Long-Term Incentive Executive Share and Loan Plans ("LTI plans") (continued)

The ESP has limited recourse loans secured over the relevant shares, together with a buy-back option in the event of default. The Company has full control over all loans and the repayment thereof and full control over all shares including through holding locks. From 1 July 2011 the Company has implemented a policy that specifically prohibits the hedging of incentive remuneration granted to Executives, whether restricted or unrestricted. For the CEO's 2012 ordinary options, the terms of the offers specifically prohibited the hedging of unvested options by Mr. Burke.

The Company has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted to Directors and relevant senior executives after 7 November 2002 which have not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these LTI plan shares and loans are all treated as 'in substance options' even where the equity instrument itself is not a share option.

The fair value of such 'in substance option' grants is amortised and disclosed as part of Director and senior manager compensation on a straight-line basis over the vesting period.

From 1 January 2005, 'in substance options' granted as part of employee and executive compensation have been valued using the Black-Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the 'in substance option'.

(b) Share-based Long-Term Incentive grants

(i) Executive Share Plan and Loan Facility ("ESP")

The Company's ESP was approved by shareholders on 19 November 1996 and allows for the issue of up to 5% of the Company's issued shares to relevant employees of the consolidated entity and significant associated entities.

Offers are at the discretion of the Directors and shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The shares are held directly by the employee who pays for the allotment by obtaining a loan from the consolidated entity which holds the ESP shares as security.

The ESP was amended in 2012. Shares issued prior to 2012 are earned and become exercisable at the rate of 20% per year over five years from date of issue. The loan bears interest at ten cents per share per annum, and ten cents of dividends per share each year is used to repay the interest accrued and 50% of the remaining dividend per share is used to repay the capital amount of the loan. For shares issued in 2012 and thereafter, one third vest at the end of years 3, 4 and 5 from the date of issue, the loan bears interest at twenty cents per share per annum, and the first twenty cents of dividends per share per year is used to repay the interest charged, and 50% of the remaining dividend per share is used to repay the capital amount of the loan. For shares issued in 2012 or thereafter, where the loan balance owing falls below $2.00 per share, the interest rate becomes 10% of the balance owing on the loan.

The ESP was further amended with effect from 1 July 2016 with the loan bearing interest at the rate of twenty five cents per share and the vesting of ESP shares being subject to a performance hurdle of total shareholder return relative to the Company's peers.

If the employee resigns or is dismissed, the restricted shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Directors. In circumstances where the market value of the remaining ESP shares at the end of the six month period is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to the employee. This is the basis on which they have been described as 'in substance options'.

Under AASB 2: *Share-based Payment,* any allotments under the ESP are required to be accounted for and valued as equity settled options, and have been referred to as 'in substance options', even though the equity instrument itself is not an option.

On 29 June 2012, 1,700,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.14;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 2.73% - the risk-free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $0.79.

These grants have been fully amortised over the vesting period resulting in a nil employee benefits expense for the 2019 and 2018 financial years.

On 22 October 2012, 630,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.52;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 2.78% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $0.96.

26 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(i) Executive Share Plan and Loan Facility ("ESP") (continued)

These grants have been amortised over the vesting period resulting in an employee benefits expense of nil for the 2019 financial year (2018: $12,483).

On 29 November 2012, 300,000 ordinary shares were allotted under the ESP to Ms. J.E. Raffe. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.78;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 3.07% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.05.

These grants have been amortised over the vesting period resulting in an employee benefits expense of nil for the 2019 financial year (2018: $8,688).

For the June 2012 allotment, the ESP shares were granted at $3.14 to all executives other than Ms. Raffe, whose allocation was delayed to 29 November 2012 at an issue price of $3.78 to allow for shareholder approval at the Company's 2012 annual general meeting. The Company agreed to compensate Ms. Raffe with an additional bonus at the time of her future sale of ESP shares for the additional value, if any, foregone by the deferred grant date. This potential bonus payment to Ms. Raffe represents a cash-settled share-based payment estimated to be a maximum of $275,439, to be re-assessed at each financial year for changes in the expected probability of payment. The fair value of this cash-settled share-based payment was estimated on the basis of the estimated after-tax impact of $0.64 per share, being the difference between $3.78 and $3.14 and will be accrued over 5 years from date of grant, being nil for the 2019 financial year (2018: $7,597).

On 20 December 2012, 400,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.92;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 3.21% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.12.

These grants have been amortised over the vesting period resulting in an employee benefits expense of nil for the 2019 financial year (2018: $14,074).

On 29 June 2015, 700,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $6.56;
- Expected volatility: 30% - based on historical volatility;
- Risk-free interest rate: 2.72% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those ‘in substance options’ was $1.30.

These grants have been amortised over the vesting period resulting in an increase in employee benefits expense of $136,084 for the 2019 financial year (2018: $237,057).

On 23 October 2015, 100,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $7.37;
- Expected volatility: 30% - based on historical volatility;
- Risk-free interest rate: 2.41% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.69.

These grants have been amortised over the vesting period resulting in an increase in employee benefits expense of $31,214 for the 2019 financial year (2018: $44,128).

On 16 September 2016, 465,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $4.70;
- Expected volatility: 30% - annualised based on historical volatility;
- Risk-free interest rate: 2.02% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

26 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(i) Executive Share Plan and Loan Facility ("ESP") (continued)

The resulting fair values per option for those 'in substance options' were $0.60 for tranche 1, $0.62 for tranche 2 and $0.64 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $74,865 for the 2019 financial year (2018: $74,865).

On 2 December 2016, 204,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $4.35;
- Expected volatility: 30% - annualised based on historical volatility;
- Risk-free interest rate: 2.75% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.47 for tranche 1, $0.54 for tranche 2 and $0.58 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $27,721 for the 2019 financial year (2018: $27,721).

On 7 December 2018, 1,250,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $2.50;
- Expected volatility: 35% - annualised based on historical volatility;
- Risk-free interest rate: 2.313% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.59 for tranche 1, $0.61 for tranche 2 and $0.62 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $111,269 for the 2019 financial year.

The expected volatility of all ESP allotments reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. Under AASB 2: *Share-based Payment,* any allotments under the ESP are also referred to as 'in substance options' even though the equity instrument itself is not an option.

(ii) 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP")

On 15 November 2012, the Company's shareholders approved the 2012 OP, granting 4.5 million options over ordinary shares to the Company's CEO, Mr. G.W. Burke. The options were issued on 29 November 2012 being exercisable at $3.76 per share, with vesting subject to performance hurdles relating to growth in earnings per share and growth in dividends. Following the $0.25 reduction of share capital approved by shareholders at the Annual General Meeting on 29 November 2013, the exercise price of the options was reduced to $3.51 per share, effective from 31 December 2013. Following the pro-rata non-renounceable 5 for 26 rights issue in July 2018, the exercise price of the options was reduced to $3.41.

The options were not transferable and did not confer any right to participate in bonus issues or cash issues of ordinary shares. The option exercise price was adjusted for discounted cash issues, and the number of shares issued on exercise of an option was adjusted for bonus issues of shares. The options did not carry voting or dividend rights and were not listed for quotation on ASX.

One and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2016; one and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2017; and one and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2018.

The earnings per share ("EPS") performance hurdle had a starting point of 34.4 cents per ordinary share being diluted earnings per share before material items and discontinued operations for the year ended 30 June 2012, with growth measured on financial year performance, and the dividends per share ("DPS") performance hurdle had a starting point of 22 cents per ordinary share inclusive of franking credits, being the actual dividends paid in the 2012 calendar year, with growth measured on calendar year performance.

For all options to vest, the Company's performance had to meet a minimum 8% Compound Annual Growth Rate ("CAGR") in EPS over the 3 year vesting period for half of each tranche to vest, and meet a minimum 8% CAGR in dividends paid over 2 out of the 4 year vesting period for the other half of each tranche to vest. For half of the options to vest, the Company's performance had to meet a minimum 4% CAGR in EPS over the 3 year vesting period for one quarter of each tranche to vest, and meet a minimum 4% CAGR in dividends paid over 2 out of the 4 year vesting period for another quarter of each tranche to vest. Below 4% CAGR in either DPS or in EPS, no options vest, with a pro-rata straight-line vesting scale between 4% and 8% CAGR for each performance condition.

26 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(ii) 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP") (continued)

The effect of the performance hurdles on the potential vesting of the options can be illustrated as follows:

	Compound Annual Growth Rate ("CAGR")				
Number of Options able to Vest if:	**< 4%**	**4%**	**4% - 8%**	**= or > 8%**	
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 1st Tranche Options
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 2nd Tranche Options
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 3rd Tranche Options
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	

\# Subject to '2 out of 4 years' test.
* A pro-rata straight-line vesting scale applies.

The fair value of each option was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

- Expected volatility: 35%;
- Expected yield: 6%;
- Risk-free interest rate: 2.75%; and
- Expected life of options: 3, 4 and 5 years ended 1 March 2016, 2017 and 2018 with expiry at 1 March 2019.

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns occurred. The expected volatility reflected the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The resulting fair values per option for Mr. Burke were $0.73, $0.74 and $0.75 for Tranches 1, 2 and 3, respectively.

These grants have been amortised over the vesting periods resulting in a decrease in employee benefits expense of $419,969 for the 2018 financial year due to the amortisation reversal of lapsed options. There was no amortisation for the 2019 financial year.

In the year ended 30 June 2018, 50% of tranche three options vested as the DPS CAGR hurdle was met, and 50% did not vest as the EPS hurdle was not met. No options vested or were exercised during 2019. The one and a half million options which vested and remained unexercised as at 30 June 2018, were not exercised and lapsed during the 2019 financial year. No options remain at 30 June 2019.

(iii) Holdings of Executive Directors and Executive Committee Members

Other than the ESP issue on 7 December 2018 of 200,000, 150,000 and 200,000 shares to Ms J.E. Raffe and Messrs. S.T. Phillipson and C.J. Kirby, respectively, there have been no allotments to Executive Directors and Executive Committee Members under any share-based payment plan during the year ended 30 June 2019 (2018: nil).

The number of shares in the Company during the financial year in which the KMP of the Company have a relevant interest, including their personally-related entities, are set out in the Remuneration Report section of the Directors' Report.

(iv) Number and weighted average exercise prices ("WAEP") and movements of Options and 'In Substance Options' during the year

	2019 Number	**2019 WAEP - $**	**2018 Number**	**2018 WAEP - $**
Outstanding at beginning of year	7,013,027	3.81	7,913,027	3.78
Granted during the year	1,250,000	2.50	-	-
Forfeited / lapsed during the year	(1,610,000)	3.50	(810,000)	3.60
Exercised during the year	(100,000)	3.21	(90,000)	3.35
Outstanding at the end of the year	6,553,027	3.61	7,013,027	3.81
Exercisable at the end of the year	**4,504,027**	**3.60**	**4,337,362**	**3.41**

(v) The outstanding balance is represented by:

Executive Share Plan and Loan Facility: 6,553,027 'in substance options' over ordinary shares in the Company with issue prices ranging from $2.35 to $7.37.

	2019 $	2018 $
27 REMUNERATION OF AUDITORS		
The auditor of VRL is Ernst & Young (Australia). Aggregate remuneration received or due and receivable by Ernst & Young, directly or indirectly from the VRL group, in connection with -		
Ernst & Young (Australia) -		
An audit or review of the financial report of VRL and any other entity in the VRL group	1,288,780	1,219,000
Other services in relation to VRL and any other entity in the VRL group:		
Tax	145,915	124,176
Advisory / Corporate Finance	2,380,142	2,159,505
Assurance related	122,763	37,065
	3,937,600	3,539,746

	2019 $	2018 $
27 REMUNERATION OF AUDITORS (continued)		
Auditors other than Ernst & Young (Australia) -		
An audit or review of the financial report of any other entity in the VRL group	183,954	170,851
Other services in relation to any entity in the VRL group:		
Tax	143,421	104,515
	327,375	275,366
	4,264,975	3,815,112

28 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the Group since the end of the financial year.

As advised to the Australian Securities Exchange on 29 July 2019, iPic Entertainment Inc. ("iPic") announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. As a result, VRL has made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to the iPic business. The payment by VRL will not have a material impact on VRL's financial covenants. As at 30 June 2019, VRL has recognised the full amount of this financial guarantee liability at $8.0 million, which has been included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

As advised to the Australian Securities Exchange on 29 August 2019, the VRL group has signed an agreement to sell its wholly owned promotional solutions agency, Edge Loyalty Systems Pty. Ltd., for an enterprise value of $32.3 million to Blackhawk Network (Australia) Pty. Ltd. Net proceeds from the sale will be used to reduce VRL group debt. The transaction is subject to approval from Australia's Foreign Investment Review Board and other customary conditions, and is expected to complete by November 2019.

	VILLAGE ROADSHOW LIMITED	
	2019 $'000	2018 $'000
29 PARENT ENTITY DISCLOSURES		
(a) Summary financial information		
Current assets	2,809	3,742
Total assets	470,502	478,801
Current liabilities	17,783	17,378
Total liabilities	19,604	22,317
Issued capital	275,171	225,548
Retained earnings	163,105	218,696
Employee equity benefit reserve	12,622	12,240
Total shareholders' equity	450,898	456,484
Loss after tax	(55,591)	(70,530)
Total comprehensive expense	(55,591)	(70,530)
(b) Financial guarantees[1]		
Financial guarantees	159	238
Financial guarantee liability - refer Notes 23 and 28	8,026	-
	8,185	238
(c) Franking credit balance		
Amount of franking credits (deficit) available as at year-end	2	(6,687)
Franking credit movements from payment of VRL's current tax amounts recorded at year-end	-	6,687
Franking credit movements from refund of VRL's current tax amounts recorded at year-end	(1,694)	(2,335)
Franking debits that will arise after year-end, in relation to dividends declared (as at the date of this report)	(4,181)	-
Amount of franking deficit after adjusting for the above impacts	(5,873)	(2,335)

1 VRL has provided financial guarantees to a number of its subsidiaries, which commit the Company to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. In addition, VRL provided other financial guarantees to its subsidiaries and joint operations for operating leases and other debt facilities, and as at 30 June 2019, the fair value of these financial guarantees are negligible. The significant accounting estimates and/or assumptions used in determining the fair value of these guarantees, or the expected credit loss amount, have been disclosed in Note 1(c)(xxx).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2019

30 SEGMENT REPORTING[1]

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER[2]		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(a) Reporting by operating segments - continuing operations												
Total segment revenue	329,857	296,900	308,283	293,765	288,834	304,495	70,666	72,726	-	-	997,640	967,886
Plus: Non-segment revenue	-	-	-	-	-	-	-	-	1,544	1,534	1,544	1,534
Less: Inter-segment revenue	-	-	-	-	(17,807)	(15,673)	(834)	(985)	-	-	(18,641)	(16,658)
Total revenue											**980,543**	**952,762**
Segment results before tax	12,914	(24,446)	32,678	36,177	1,116	6,751	380	4,082	-	-	47,088	22,564
Non-segment result (Corporate) before tax	-	-	-	-	-	-	-	-	(21,111)	(31,749)	(21,111)	(31,749)
Operating profit (loss) before tax - segment purposes	**12,914**	**(24,446)**	**32,678**	**36,177**	**1,116**	**6,751**	**380**	**4,082**	**(21,111)**	**(31,749)**	**25,977**	**(9,185)**
Gain on disposal - sale and leaseback of property / asset held for sale	-	-	10,248	154,006	-	-	-	-	-	-	10,248	154,006
(Loss) gain on disposal of businesses	(1,928)	-	-	2,916	-	-	-	-	-	-	(1,928)	2,916
Impairment and other non-cash adjustments	(5,685)	(133,456)	-	-	(11,819)	(32,526)	-	(1,453)	(477)	-	(17,981)	(167,435)
Other provision adjustments	-	-	-	-	(7,688)	-	-	-	(8,026)	-	(15,714)	-
Restructuring costs	(1,264)	(4,120)	(315)	(211)	(2,035)	(688)	(614)	(465)	(7,174)	(2,955)	(11,402)	(8,439)
Operating loss before tax											**(10,800)**	**(28,137)**
Income tax benefit											1,220	24,726
Non-controlling interest	3,308	4,237	-	-	-	-	(303)	(607)	-	-	3,005	3,630
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income											**(6,575)**	**219**
Interest income	148	188	152	149	634	573	57	50	380	366	1,371	1,326
Finance costs before finance restructuring costs	17,947	16,298	3,990	4,659	4,571	4,440	3,206	2,461	115	2,777	29,829	30,635
Finance costs - finance restructuring costs											2,667	850
Total finance costs											32,496	31,485
Depreciation and amortisation expense	45,828	46,644	17,393	17,391	3,563	3,210	1,736	1,789	1,904	1,705	70,424	70,739
Equity-accounted net profits											1,275	904
Non-cash expenses other than depreciation	111	355	77	15	-	-	18	254	-	-	206	624
Capital expenditure	32,083	54,745	9,886	23,202	2,068	1,065	2,216	2,266	1,634	3,618	47,887	84,896

	AUSTRALIA		UNITED STATES OF AMERICA		EUROPE		OTHER		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(b) Reporting by geographic regions										
Revenue - continuing operations	901,724	878,812	11,638	10,875	42,370	44,212	24,811	18,863	980,543	952,762
Non-current assets	902,373	913,526	52,636	55,297	46,194	45,715	311	295	1,001,514	1,014,833

1 Description of Reportable Segments: Theme Parks: Theme park and water park operations; Cinema Exhibition: Cinema exhibition operations; Film Distribution: Film distribution operations; and Marketing Solutions: Sales promotions and loyalty program operations.

2 The 'Other' column represents financial information which is not reported in one of the reportable segments.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Objectives for holding financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, finance leases and hire purchase contracts, trade receivables, trade payables, financial guarantees and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also enters into derivative transactions, including principally interest rate swaps and collars (caps and floors). The purpose is to manage the interest rate risks arising from the Group's sources of finance. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, liquidity risk and credit risk, and include the fair value movements from the financial instruments. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through comparing projected debt levels against total committed facilities. The Board reviews and agrees policies for managing each of these risks, which are summarised below. Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in Note 1.

(b) Risk exposures and responses

Cash flow interest rate risk:

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a variable interest rate. The level of debt is disclosed in Note 17.

The primary objectives of interest rate management for the Group are to ensure that:

- interest expense does not adversely impact the Group's ability to meet taxation, dividend and other operating obligations as they arise;
- earnings are not subjected to wide fluctuations caused by fluctuating interest commitments; and
- covenants agreed with bankers are not breached.

Within the above constraints and targets, the Group's objective in managing interest rate risk is to maintain the stability of interest rate expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian and USA variable interest rate risk that were not designated in cash flow hedges:

	CONSOLIDATED	
	2019	2018
	$'000	$'000
Financial assets: Cash and cash equivalents	61,653	63,393
Financial liabilities: Secured and unsecured borrowings	131,255	201,890
Net exposure	69,602	138,497

The Group enters into interest rate swap, cap and collar agreements ("interest rate derivatives") that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates, or to limit interest rate exposure. The interest rate derivatives are entered into with the objective of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate risk will not generally be hedged unless the underlying debt facility draw down exceeds A$20 million. For any debt exceeding this level, which is outstanding for more than three months from the original drawdown date, interest rate exposure will generally be hedged for between 35% and 60% of the outstanding debt balance for a minimum of 12 months or until termination of the loan, whichever is sooner.

At reporting date, the Group has entered into interest rate derivatives covering debts totalling $150.0 million (2018: $200.0 million). These interest rate derivatives covered approximately 53% (2018: 50%) of total borrowings of the Group as at reporting date. During the year ended 30 June 2019, the Group entered into $110.0 million of interest rate caps which have an effective date from September 2019 as the existing interest rate derivatives mature in the 2020 financial year. The interest rate derivatives have been designated in hedging relationships under Australian Accounting Standards.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. Sensitivity analysis for interest rate risk exposures has been calculated by estimating the impacts in value and timing based on financial models. The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. A sensitivity of 100 basis points has been selected as this is deemed to be reasonably possible given the current level of both short-term and long-term Australian and USA interest rates.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Cash flow interest rate risk: (continued)

At 30 June 2019 and 30 June 2018, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT HIGHER / (LOWER)		EQUITY HIGHER / (LOWER)	
	2019	2018	2019	2018
Sensitivity analysis	$'000	$'000	$'000	$'000
CONSOLIDATED				
If interest rates were 100 basis points higher with all other variables	(1,355)	(996)	-	-
If interest rates were 100 basis points lower with all other variables	1,569	2,396	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. Movements in equity would be due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The sensitivities for each year are impacted by cash, debt and derivative balances, as well as interest rates.

Foreign currency risk:

The Group has transactional foreign currency exposures, which arise from sales or purchases by the relevant division in currencies other than the division's functional currency. In general, the Group requires all of its divisions to use forward currency contracts to eliminate the foreign currency exposure on any individual transactions in excess of A$0.5 million, which are generally required to be taken out immediately when a firm commitment has occurred. The forward currency contracts must be in the same currency as the hedged item, and it is the Group's policy not to enter into forward contracts until a firm commitment is in place.

In addition, the Group uses forward currency contracts to eliminate the foreign currency exposure on part of the Group's estimated foreign currency payments, which are regularly updated to ensure a rolling forward cover position.

It is the Group's policy to negotiate the terms of the foreign currency derivatives to match the terms of the underlying foreign currency exposures as closely as possible, to maximise the effectiveness of the derivatives. As at 30 June 2019 and 30 June 2018, the Group had hedged the majority (by value) of foreign currency purchases that were firm commitments. The following sensitivity analysis is based on the foreign currency risk exposures in existence at reporting date. A sensitivity of 10% has been selected as this is deemed to be reasonably possible given the current level of the United States Dollar and other relevant exchange rates.

At 30 June 2019 and 30 June 2018, if foreign exchange rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT HIGHER / (LOWER)		EQUITY HIGHER / (LOWER)	
	2019	2018	2019	2018
Sensitivity analysis	$'000	$'000	$'000	$'000
CONSOLIDATED				
If foreign exchange rates were 10 per cent higher with all other variables held constant	-	-	(1,179)	(1,611)
If foreign exchange rates were 10 per cent lower with all other variables held constant	-	-	1,611	1,968

The movement in equity is due to an increase/decrease in the fair value of the derivative instruments, which are all designated as cash flow hedges. The sensitivities for each year are impacted by the derivative balances and exchange rates. There is no movement in profit in this foreign exchange rate sensitivity analysis due to the fact that movements in the unhedged foreign currency amounts only impact asset and liability balances.

Commodity price risk:

The Group's exposure to price risk is minimal.

Credit risk:

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Refer to Note 1(c)(x) for further information regarding the Group's policy on recognising an allowance for expected credit losses.

Credit risk in trade receivables is managed in the following ways:

- payment terms are generally 30 to 90 days; and
- a risk assessment process is used for customers over $50,000.

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as recognised in the statement of financial position.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. However, the Group ensures that it only enters into contracts with creditworthy institutions, as set out in the relevant Group policy.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Concentrations of credit risk:

The Group minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within the specified industries. The customers are mainly concentrated in Australia and the United Kingdom.

Liquidity risk:

Liquidity risk management is concerned with ensuring that there are sufficient funds available to meet the Group's commitments in a timely manner. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

Liquidity risk is measured by comparing projected net debt levels for the next 12 months against total committed facilities on a rolling monthly basis and includes monthly cash flow forecasts from the Group's operating divisions. Projected net debt levels take into account:

- existing debt;
- future operating and financing cash flows;
- approved capital expenditure;
- approved investment expenditure for new sites; and
- dividend distributions and income tax payments.

The risk implied from the values shown in the following table reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant & equipment and investments in working capital. These assets are considered in the Group's overall liquidity risk. To ensure that the maturity of funding facilities is not concentrated in one period, the Group will generally ensure that no more than 30% of its committed facilities mature within any 12 month period. As at 30 June 2019, 2.1% (2018: 1.7%) of the Group's debt will mature in less than one year.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects the expectations of management of settlement of financial assets and liabilities.

The following table reflects all contractually fixed payables and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2019. For derivative financial instruments and other obligations, the contractual undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2019.

Year ended 30 June 2019	1 YEAR OR LESS $'000	OVER 1 YEAR TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL $'000
(i) Financial assets:				
Cash	61,653	-	-	61,653
Receivables and other advances	129,337	17,588	-	146,925
Derivatives	18,523	-	-	18,523
Security deposits	-	173	-	173
Total financial assets	209,513	17,761	-	227,274
(ii) Financial liabilities:				
Trade and other payables	228,400	50,833	-	279,233
Secured and unsecured borrowings	1,215	284,711	-	285,926
Lease liability	6,482	27,931	388,570	422,983
Derivatives	18,111	-	-	18,111
Total financial liabilities	254,208	363,475	388,570	1,006,253
Net maturity	(44,695)	(345,714)	(388,570)	(778,979)

Year ended 30 June 2018	1 YEAR OR LESS $'000	OVER 1 YEAR TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL $'000
(i) Financial assets:				
Cash	63,393	-	-	63,393
Receivables and other advances	119,300	23,925	-	143,225
Derivatives	25,308	-	-	25,308
Security deposits	-	294	-	294
Total financial assets	208,001	24,219	-	232,220
(ii) Financial liabilities:				
Trade and other payables	202,777	42,736	-	245,513
Secured and unsecured borrowings	22,049	426,902	-	448,951
Lease liability	6,293	27,117	395,866	429,276
Derivatives	23,525	670	-	24,195
Total financial liabilities	254,644	497,425	395,866	1,147,935
Net maturity	(46,643)	(473,206)	(395,866)	(915,715)

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Liquidity risk: (continued)

Liquidity is managed daily through the use of available cash flow and committed facilities. Refer to Note 7(c) for details of available financing facilities, which shows that there were undrawn finance facility amounts of $65.0 million as at 30 June 2019 (2018: $31.0 million), and $60.0 million as at the date of this report.

(c) Terms, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument are as follows:

Recognised Financial Instruments

(i) Financial assets

Receivables - trade debtors:

Trade debtors are non-interest bearing and are carried at fair value due less any allowance for expected credit losses. Credit sales are normally settled on 30-90 day terms.

Receivables - associates and other advances:

Amounts (other than trade debts) receivable from associated entities and for other advances are carried at either the fair value due or the amounts initially recorded as recoverable. Interest, when charged, is recognised in profit or loss on an accrual basis, and provided against when not probable of recovery. There are no fixed settlement terms for loans to associated and other entities.

Unsecured advances:

Unsecured advances are shown at cost. Interest, when charged, is recognised in profit or loss on an accrual basis. There are no fixed settlement terms.

Equity instruments:

Equity instruments are shown either at cost or fair value.

(ii) Financial liabilities

Trade and sundry creditors:

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group. They are non-interest bearing and are normally settled on 30-90 day terms.

Accounts payable - associated and other entities:

Amounts owing to associated and other entities are carried at fair value. Interest, when charged, is recognised in profit or loss on an accruals basis. There are no fixed settlement terms.

Secured and unsecured borrowings:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised. Interest is recognised in profit or loss on an accrual basis. Bank loans are repayable either monthly or at other intervals, which in some cases are dependant on relevant financial ratios, or at expiry, with terms ranging from less than one year to greater than five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps or collars (refer below).

Details of security over bank loans is set out in Note 17.

Finance lease liabilities:

Finance lease liabilities are accounted for in accordance with AASB 117: *Leases* . As at reporting date, the Group had $106.0 million of finance lease liabilities (2018: $103.0 million).

Interest rate swaps:

At reporting date, the Group had no interest rate swap agreements in place. Such agreements were being used to hedge the cash flow interest rate risk of various debt obligations with a floating interest rate.

Interest rate caps and collars:

At reporting date, the Group had entered into interest rate cap agreements. These derivatives are used to assist in hedging the cash flow interest rate risk of various debt obligations with a floating interest rate.

The interest rate cap has been based on the underlying debt obligations, and closely matched the terms of those obligations.

(iii) Equity

Ordinary shares:

From 1 July 1998, ordinary share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buy-back cost (including direct buy-back costs). Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at reporting date are set out in Note 20.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) 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, excluding any classified under discontinued operations.

	TOTAL CARRYING AMOUNT AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION		AGGREGATE NET FAIR VALUE	
	2019	2018	2019	2018
CONSOLIDATED	$'000	$'000	$'000	$'000
Financial assets:				
Cash	61,653	63,393	61,653	63,393
Trade and other receivables	146,925	143,225	146,925	143,225
Equity instruments at fair value through OCI	1,219	1,737	1,219	1,737
Derivatives	543	1,216	543	1,216
Security deposits	173	294	173	294
Total financial assets	210,513	209,865	210,513	209,865
Financial liabilities:				
Trade and other payables	279,233	245,513	279,233	245,513
Secured and unsecured borrowings	281,255	401,890	278,160	393,374
Lease liability	106,125	102,962	106,125	102,962
Derivatives	129	16	129	16
Total financial liabilities	666,742	750,381	663,647	741,865

The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

Cash, cash equivalents and short-term deposits:
The carrying amount approximates fair value because of short-term maturity.

Receivables and accounts payable - current:
The carrying amount approximates fair value because of short-term maturity.

Receivables - non-current:
The fair values of non-current receivables are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of arrangements.

Borrowings - current:
The carrying amount approximates fair value because of short-term maturity.

Borrowings - non-current:
The net fair values of the secured and unsecured borrowings are determined based on the weighted average market-based interest rates that are applicable to the borrowings.

Finance lease liability:
The net fair value of the finance lease liability is determined based on the weighted average market-based interest rates that are applicable to the lease liability.

The Group uses the following methods in calculating or estimating the fair value of a financial asset or financial liability:

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 or liability that are not based on observable market data.

The fair value of the financial assets and financial liabilities as well as the methods used to estimate the fair value are summarised in the table below.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Fair values (continued)

Fair value measurement hierarchy for assets and liabilities at 30 June 2019:

	Valuation technique- market observable inputs (Level 1) $'000	Valuation technique- market observable inputs (Level 2) $'000	Valuation technique- non market observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity instruments at fair value through OCI	930	-	289	1,219
Derivatives	-	543	-	543
Total	930	543	289	1,762
Financial liabilities:				
Secured and unsecured borrowings	-	278,160	-	278,160
Lease liability	-	106,125	-	106,125
Payables and accruals	-	-	9,243	9,243
Financial guarantee liability	-	-	8,026	8,026
Derivatives	-	129	-	129
Total	-	384,414	17,269	401,683

Fair value measurement hierarchy for assets and liabilities at 30 June 2018:

Financial assets:				
Equity instruments at fair value through OCI	1,364	-	373	1,737
Derivatives	-	1,216	-	1,216
Total	1,364	1,216	373	2,953
Financial liabilities:				
Secured and unsecured borrowings	-	393,374	-	393,374
Lease liability	-	102,962	-	102,962
Payables and accruals	-	-	10,110	10,110
Derivatives	-	16	-	16
Total	-	496,352	10,110	506,462

The net fair values of the financial instruments are determined using valuation techniques that utilise data from observable and unobservable market data. Assumptions are based on market conditions existing at each reporting date.

The fair value of equity instruments at fair value through OCI are derived from quoted market prices in active markets. As a result, equity instruments at fair value through OCI have been classified based on the observable market inputs as Level 1.

The fair values of derivatives are calculated as the present value of the estimated future cash flows using an appropriate market based yield curve, which is independently derived. As a result, these derivatives have been classified based on the observable market inputs as Level 2. The net fair values of the secured and unsecured borrowings and finance lease liability are determined based on the weighted average market-based interest rates that are applicable to the borrowings and the lease liability. As a result, these borrowings have been classified based on the observable market inputs as Level 2.

Payables and accruals relate to the estimated put and call option liability over the remaining 20% non-controlling interest in Opia. The fair value of payable and accruals is determined using a discounted expected future financial performance based on terms of the sale contract and the knowledge of the business. As a result, payables and accruals have been classified based on non-observable market inputs as Level 3. During the year ended 30 June 2019, a profit of $0.9 million (2018: $0.9 million loss) has been recognised in reserves.

An increase (decrease) in the future financial performance of Opia would result in higher (lower) fair value of the put and call option liability, while a significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the liability.

The financial guarantee liability, included in trade and other payables, relates to the fair value of VRL's bank guarantee exposure in relation to the iPic business of USD 5.6 million. The fair value of the financial guarantee liability is determined using a probability discounted cash flow approach based on an assessment of the likelihood of default and an expected recovery rate of 0%. As a result, the financial guarantee liability has been classified based on non-observable market inputs as Level 3. During the year ended 30 June 2019, a loss of $8.0 million (2018: nil) has been recognised in the profit or loss and included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report. Refer to Note 28 for further information.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Derivative financial instruments

	2019 $'000	2018 $'000
Current assets:		
Forward currency contracts - cash flow hedges	542	1,127
Interest rate cap - held for trading	-	26
	542	1,153
Non-current assets:		
Forward currency contracts - cash flow hedges	-	3
Interest rate cap - held for trading	1	60
	1	63
Current liabilities:		
Forward currency contracts - cash flow hedges	129	16
	129	16

Instruments used by the Group

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Refer Note 1(c)(ix).

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") agreements, which allow for the netting of relevant transactions which are to be settled at the same time, which does not occur regularly in practice. In certain situations, such as a default, all outstanding transactions under the relevant ISDA are able to be terminated, and a net amount for settlement determined. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position, due to no default having occurred.

(i) Forward currency contracts - cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction which could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The Group has the following foreign currency contracts designated as cash flow hedges at 30 June 2019 and 30 June 2018:

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2019 $'000	2018 $'000	2019	2018
CONSOLIDATED				
USD hedges	(413)	(1,113)	0.7250	0.7647

32 NON-KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the financial year and were conducted on normal commercial terms and conditions unless otherwise stated:

(a) Immediate Parent Entity

The Company's immediate parent entity is Village Roadshow Corporation Pty. Limited which is incorporated in Australia. The Company's ultimate parent entity is Positive Investments Pty. Limited which is incorporated in Australia. Refer also to the Directors' Report disclosures for relevant interests of Directors in relation to the 100% ownership of the immediate and ultimate parent entities by Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke.

(b) Associated Entities

Revenues and expenses:

The following transactions with associated entities were included in the determination of the operating loss before tax for the year:

	2019 $'000	2018 $'000
Management & service fee revenue - associates	294	396
Management & service fee revenue - other associated entities	136	147
Consulting expenses - other associated entity	146	169
Film hire and other film expenses (paid by the VRL group to entities in the Village Roadshow Entertainment Group business - refer Note 12(a))	19,879	21,553
Film hire and other film expenses (paid by the VRL group to FilmNation Entertainment LLC - refer Note 12(b))	3,836	3,405

Receivables and payables:

Any amounts receivable from, or payable to, associates have been separately disclosed in Notes 8 and 16.

33 FINANCE LEASE RESULTING FROM SALE AND LONG-TERM LEASEBACK

Following the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast, as advised to the Australian Securities Exchange on 22 December 2017, this transaction has been treated as a sale and finance leaseback in accordance with Accounting Standards. The initial lease term is for 30 years, with 6 further terms of 10 years each (at the VRL group's option), with the maximum lease term of 90 years. The VRL group also has a number of repurchase options at various points throughout the contractual term. Given the lease calculations have assumed the land will be repurchased after 25 years, consistent with the VRL group's previous accounting policy to not depreciate land, the lease asset will not be amortised.

Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments based on expectation of exercising the option to repurchase the land after 25 years, are as follows:

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF LEASE PAYMENTS	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Within 1 year	6,482	6,293	6,482	6,293
After one year but not more than 5 years	27,931	27,117	22,143	21,498
More than 5 years	388,570	395,866	77,369	75,171
Total minimum lease payments	422,983	429,276	105,994	102,962
Less amounts representing finance charges	(316,989)	(326,314)	-	-
Present value of minimum lease payments	105,994	102,962	105,994	102,962
Present value of other finance lease liabilities	131	-	131	-
Total present value of minimum lease payments	106,125	102,962	106,125	102,962

34 BUSINESS COMBINATION

Effective from 13 August 2018, the ownership percentage of the Topgolf Joint Venture ("Topgolf JV") by the VRL group's joint venture partner, Topgolf Australia Pty. Ltd. ("Topgolf Australia") has reduced from 33.33% to 3.7%. As a result, the VRL group's ownership percentage in the Topgolf JV has increased from 66.67% to 96.3%. The amount receivable by the VRL group in relation to the Topgolf JV immediately prior to 13 August 2018 of approximately $10.9 million (included in non-current trade and other receivables at 30 June 2018), was recovered through VRL's increased share in the Topgolf JV.

Prior to 13 August 2018, for accounting purposes, the Topgolf JV was jointly controlled and was accounted for as a joint operation. The change in ownership resulted in the VRL group gaining control of the Topgolf JV on 13 August 2018, and therefore represented a business combination. At the date of gaining control, the VRL group re-measured its existing interest in the joint operation to fair value, but given the recent completion of the build of the first Topgolf site and the recent commencement of trading, this did not result in a material change in the carrying value of the VRL group's existing interest in the Topgolf JV.

The estimated fair values of the VRL group's 66.67% interest in assets and liabilities of the Topgolf JV immediately prior to the date of gaining control and the estimated fair value of the 96.3% controlled identifiable assets and liabilities of the Topgolf JV as at the date of gaining control were:

	INTEREST AT 66.67% PRIOR TO GAINING CONTROL	INTEREST AT 96.3% ON GAINING CONTROL
	$'000	$'000
Cash and cash equivalents	666	962
Property, plant & equipment	24,741	35,737
Intangible assets	1,135	1,640
Other assets	794	868
Total assets	27,336	39,207
Payables and accruals	(4,323)	(6,269)
Other liabilities	(299)	(433)
Total liabilities	(4,622)	(6,702)
Fair value of identifiable net assets	22,714	32,505
Goodwill arising on acquisition	-	1,076
	22,714	33,581
Cost of combination:		
Amount receivable in relation to Topgolf JV converted to equity		10,867

The goodwill arising from the increase in ownership of the Topgolf JV is $1.1 million. All of the cost base of the goodwill is expected to be included for capital gains tax purposes on a future disposal of the Topgolf JV. There were no material transactions costs relating to this acquisition.

34 BUSINESS COMBINATION (continued)

Topgolf Australia has an option to increase its ownership in the Topgolf JV back to 33.33% at any time prior to 31 December 2020, for consideration based on market value at the relevant time. The impact of the exercise of this option on control or joint control would therefore be re-assessed at that time should the option be exercised.

If the increase in the VRL group's ownership percentage in the Topgolf JV had taken place on 1 July 2018, the impact on revenue and net profit before tax would not have been material to the VRL group.

35 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, during the year ended 30 June 2019, the wholly-owned subsidiaries listed below entered into a Deed of Cross Guarantee and are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees to each creditor, payment in full of any debt in the event of the winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001* . If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Edge Loyalty Systems Pty. Limited
- Roadshow Distributors Pty. Limited
- Roadshow Films Pty. Limited
- Village Cinemas Australia Pty. Limited
- Village Golf Holdings Pty. Limited
- Village Roadshow Digital Pty. Limited
- Village Roadshow Theatres Pty. Limited
- Village Roadshow Theme Parks Pty. Limited

A consolidated statement of comprehensive income and a consolidated statement of financial position, comprising the Company and controlled entities which are party to the deed, after eliminating all transactions between parties to the deed, for the year ended, and as at, 30 June 2019 respectively are as follows:

	2019 $'000
Statement of Comprehensive Income	
Profit before tax	13,671
Income tax expense	(11,920)
Profit after tax	1,751
Retained earnings at the beginning of the year	254,302
Adoption of new accounting standard	(924)
Retained earnings at the end of the year	255,129
Statement of Financial Position	
ASSETS	
Current assets	
Cash and cash equivalents	33,065
Trade and other receivables	76,005
Inventories	21,684
Current tax assets	1,694
Film distribution royalties	37,439
Derivatives	542
Other	5,402
Total current assets	175,831
Non-current assets	
Trade and other receivables	591,229
Goodwill and other intangible assets	158,997
Property, plant & equipment	306,460
Investments	59,632
Deferred tax assets	26,699
Film distribution royalties	53,897
Other	97
Total non-current assets	1,197,011
Total assets	1,372,842

35 DEED OF CROSS GUARANTEE (continued)

	2019 $'000
Statement of Financial Position (continued)	
LIABILITIES	
Current liabilities	
Trade and other payables	190,089
Income tax payable	112
Provisions	28,852
Derivatives	129
Unearned revenue	52,798
Total current liabilities	271,980
Non-current liabilities	
Trade and other payables	59,471
Interest bearing loans and borrowings	279,828
Lease liability	106,125
Deferred tax liabilities	3
Provisions	6,366
Unearned revenue and other liabilities	76,790
Total non-current liabilities	528,583
Total liabilities	800,563
Net assets	572,279
EQUITY	
Contributed equity	275,171
Reserves	41,979
Retained earnings	255,129
Total equity	572,279

DIRECTORS' DECLARATION

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

(1) 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 consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and *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; and

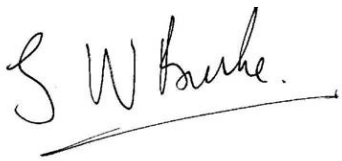
(c) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in Note 1(b)(i).

(d) at the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the Deed of Cross Guarantee is such that each company which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

There are reasonable grounds to believe that the Company and Group entities identified in Note 35 to the financial statements will be able to meet any liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

On behalf of the Board



G.W. Burke
Director

Melbourne, 29 August 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Village Roadshow Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Village Roadshow Limited (the company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Impairment assessment of goodwill, other intangible assets, film distribution royalties and property, plant & equipment

Why significant	How the matter was addressed in the audit
At 30 June 2019 the Group's assets include goodwill, other intangible assets, film distribution royalties, and property, plant and equipment. The Group performs an impairment assessment on an annual basis or when an indicator of impairment is identified to assess whether the carrying values of these assets exceed their recoverable amounts. Impairment charges were recognised in respect of the Las Vegas Theme Park and Film Distribution Cash Generating Units at 30 June 2019. Assessing the quantum of the impairment charges recognised and determining whether or not further impairment charges relating to these assets were required was a key audit matter. This involved assessing the judgements inherent in the cash flow forecast and testing key assumptions supporting the impairment models such as forecast business growth rates, discount rates and terminal values assumptions. Refer to Notes 10, 11 and 15 for disclosures relating to impairment charges recognised in the year ended 30 June 2019 and related disclosure in respect of the Group's impairment testing.	▶ We evaluated the Group's cash flow forecasts supporting the impairment assessments for goodwill, other intangible assets, film distribution royalties and property, plant and equipment, and compared them to the Board-approved budget. ▶ We evaluated the appropriateness of the key assumptions in the forecasts and considered the historical reliability of the Group's cash flow forecasting process. We performed sensitivity analysis on the key assumptions in the forecasts to understand the extent of change in those assumptions that would either individually or collectively result in an impairment charge. ▶ We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and evaluated key assumptions including terminal values, long term growth rates, discount rates, capital expenditure assumptions and working capital requirements applied in the impairment models. ▶ We assessed the discount rates applied by comparing them to the cost of capital for the Group and we also performed market capitalisation and earnings multiples cross checks in comparison with other comparable businesses, to corroborate the assumptions in the impairment testing models. ▶ We assessed the adequacy of the disclosures included in Notes 10, 11 and 15.

2. Revenue recognition

Why significant	How the matter was addressed in the audit
The Group operates through four divisions, Theme Parks, Cinema Exhibition, Film Distribution and Marketing Solutions. Each of these divisions has specific revenue models and contractual arrangements resulting in differing revenue recognition requirements in accordance with Australian Accounting Standards. This was significant to our audit due to the complexity and judgement involved across the Group's revenue streams. Transition to AASB 15 *Revenue from Contracts with Customers* required a change in the way contractual arrangements and revenue recognition requirements were assessed and applied. The key areas include: ▶ Theme Park sales revenue from admissions on season passes include entry to events which are separate performance obligations. There is judgement in allocating the transaction price between performance obligations which are based on estimates of stand-alone selling prices. ▶ Film Distribution revenue is derived from a range of sources including theatrical distribution, physical and digital entertainment sales, and television and subscription video-on-demand services. The division has multiple contractual arrangements with differing terms.	▶ We assessed the impact of transition to AASB 15 *Revenue from Contracts with Customers*. ▶ We assessed the effectiveness of relevant controls over revenue within each of the four operating divisions. ▶ We inspected the terms of significant sales contracts and assessed whether they were consistent with the basis of revenue recognised by the Group. ▶ We agreed the data underlying the calculation of admission revenue to sales records and other systems having assessed the relevant controls relating to the recording of that revenue. ▶ We performed an analysis on customer redemption and breakage using historical data, to allow us to set expectations as to the level of redemptions, and compared this with the Group's estimate, obtaining explanations and examining evidence for significant differences. Further, we assessed the overall consistency of the customer redemption and breakage assumptions and inputs used to calculate the estimated value of revenue for the year. ▶ We performed sensitivity analysis around key redemption rate assumptions. ▶ We considered the adequacy of the Group's disclosures and the accounting policies included in Notes 1(c)(iii) and 2 of the financial report.

- Cinema Exhibition revenue from advanced purchase tickets is deferred and recognised as the tickets are redeemed. There is complexity and judgement in the recognition of breakage revenue from vouchers and gift cards, as well as the deferral of revenue and allocation of transaction price to loyalty program points.
- Marketing Solutions revenue is based on estimates of gift card and promotion redemption rates.

The Group's disclosures and the accounting policies are included in Notes 1(c)(iii) and 2 of the financial report.

Information Other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in Village Roadshow Limited's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Director's Report that is to be included in the Annual Report prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Village Roadshow Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The Directors are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
Melbourne
29 August 2019