

21 July 2004

**AUSTRALIAN TAX OFFICE DISALLOWS VILLAGE ROADSHOW OBJECTIONS**

After close of trading today, Village Roadshow Limited ("the Company") received oral advice from the Australian Taxation Office ("ATO") that the objections to assessments issued in November 2002 were to be disallowed. The ATO originally assessed two subsidiary companies in relation to the 1992/93 year or the 1993/94 year for \$110.1 million and \$85.1 million respectively. The Company has previously disclosed the disputed tax assessments as contingencies in its financial statements. The Company calculates that to 30 June 2004, inclusive of General Interest Charge, the amounts in dispute are now \$131.7 million in relation to the 1993 assessment or, alternatively, \$101.8 million in relation to the 1994 assessments.

For the sake of clarity, the Company wishes to give some further background as to why there are two assessments. The ATO has decided to tax both the 1992/93 year and the 1993/94 year in relation to the same alleged event because it has been unable to determine whether the relevant taxing point occurred on 30 June 1993 or 1 July 1993. The Company advises therefore that it is reasonable to assume that the ATO's assessment, if successful, can only apply to one income tax year.

The Company confirms its belief that all these disputed assessments will be overturned on appeal. The ATO's assessments and decisions will be vigorously challenged.

The Company is of the view that it is adequately provisioned from both liability and cash perspectives in relation to this matter and its other current commitments. It is difficult to predict the time frame for the hearing of the appeal, however, with the co-operation of the ATO it may be possible for this matter to be heard during the course of the next calendar year.

For further information contact:

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