



VILLAGE ROADSHOW LIMITED

VILLAGE ROADSHOW LIMITED ACN 010 672 054

Melbourne: Head Office: 206 Bourke Street, Melbourne, VIC, Australia 3000

Box 1411M, GPO Melbourne 3001 · Telephone (03) 9667 6666 · Fax (03) 9663 1972

Sydney: 4th Floor, The Merlin Centre, 235 Pyrmont Street, Pyrmont, NSW, Australia 2009

Box 2581, GPO Sydney 2001 · Telephone (02) 9552 8600 · Fax (02) 9552 2510

Registered Office: Warner Roadshow Movie World Studios: Pacific Highway, Oxenford, QLD, Australia 4210
Telephone (07) 5588 6666 · Fax (07) 5573 3698

5/10/99

DISCLOSURE UNDER CONTINUOUS DISCLOSURE REQUIREMENTS

As previously reported, the Australian Taxation Office (“ATO”) is conducting an income tax audit of the Company and its subsidiaries (“Village Group”). The Company has had discussions with the ATO and provided it with certain information requested.

The ATO has indicated that the review process may take some 2 to 3 years and may result in the issuing of amended assessments or other adjustments and/or the testing of the position of the Village Group in court. The Company considers that an adequate provision for taxes has been made in its Financial Statements.

The ATO has now issued assessments covering the 1993, 1994 and 1995 income years associated with certain film production, distribution and related financing activities. These assessments total tax payable of approximately \$59.8m.

Eminent professional advice obtained by the Company strongly supports the relevant taxation treatment adopted by the Village Group. Accordingly, the Village Group will be objecting against the assessments received and exercising all appeal rights available to it. The Company does not believe in light of these assessments that any further provision for taxes needs to be made in its Financial Statements.

As envisaged in the 1999 Annual Report, the ATO has indicated that they may issue further assessments and/or amended assessments. On the facts currently known, it is not anticipated that the issue of any such further assessments or amended assessments will require any change in the provision for taxes in the Company’s Financial Statements.