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VILLAGE ROADSHOW EXITS ITALIAN CINEMA INVESTMENT

The Directors of Village Roadshow Limited ("VRL") today announced that VRL has concluded a Sale and Purchase Agreement with its joint venture partner Warner Bros. under which Warner Bros. will acquire VRL's cinema interests in Italy.

The net cash proceeds from the disposal of Village's 50% interest in Italy will be approximately A\$60 million and there will be a minimal impact on VRL's reported EBITDA and trading profit for the 2007 financial year. Importantly, exiting Italy will also remove in excess of A\$130 million in operating lease commitments.

Subject to finalising costs associated with the transaction, the estimated profit on disposal arising from the sale is expected to be in the range of A\$10 million to A\$13 million after tax.

Graham Burke, Managing Director of VRL said: "We've previously advised the market that it was our policy to only invest in businesses where we have direct management and, with the sale of our Italian cinema business to our great partners, Warner Bros., this has now been achieved in relation to all of our international cinema investments."

VRL further advises that the Group's Film Production Division has an interest rate hedge relating to its US\$1.4 billion financing facility which is marked to market at balance dates. The company cannot predict the impact of these mark to market fluctuations until nearer the end of each reporting period however an unrealised mark to market loss could potentially offset the profit on sale of Italy as outlined above.