



13 December 2006

Tax Treatment of Proposed Capital Return

The Directors of Village Roadshow Limited ("VRL") refer to the announcement on 13 November, 2006 wherein VRL advised its intention to pay a capital return of 15 cents per share to all shareholders, subject to shareholder approval in General Meeting. This meeting will be held in Melbourne on 22 December, 2006. VRL previously advised that a tax ruling had been sought for the benefit of shareholders to confirm the tax treatment of the capital return.

VRL is now pleased to advise that it has received a draft class ruling from the Australian Taxation Office ("ATO") in accordance with VRL's application. In this draft class ruling, the ATO advises that no part of the proposed return of capital will be taken to be a dividend for income tax purposes. This draft class ruling has been issued subject to final ATO review and cannot be relied upon until the final class ruling is published by the ATO and the relevant notice appears in the Government Gazette. It is anticipated that publication and notification will occur on 20 December, 2006.