

16 August 2007

UPDATE ON 2007 FINANCIAL YEAR RESULT

Village Roadshow Limited ("VRL") today announced an update to its expected group profit after tax for the 2007 financial year. Previous profit guidance was approximately \$41 million however final quarter trading in most Divisions was stronger than anticipated resulting in a revised Net Profit after Tax forecast of \$52 million prior to the following particular items.

In the 2007 financial year, VRL moved to a 100% equity holding of its Theme Parks and the Sea World Resort. Due to very profitable trading from this, and other divisions, the VRL Group's consolidated taxable income has increased. As a result, available group tax losses are now likely to be utilised in the short to medium term. Management has completed an internal review on the availability of group tax losses against expected future group profits. This review has led to the recognition of tax losses not previously booked and other tax adjustments, totalling \$37.7 million, which will be credited to the Income Statement in the 2007 financial year.

VRL further advises that its Film Production Division (VRPG) has reached agreement with its studio partner, Warner Bros, to close off the second portfolio of films at the end of August, 2007. The impact of this agreement will include closing off Portfolio 2, and will lead to the booking of an overall film exploitation loss of approximately \$45 million. This loss is required to be recognised in the 2007 financial year.

The strategic decision to close Portfolio 2 will help facilitate VRPG's pursuit of growth opportunities, including the potential diversification or merger into the music industry as previously disclosed to the market on 3 April, 2007. VRPG is currently in negotiations relating to a transaction in this regard.

VRPG's Portfolio 1, which includes *The Matrix Trilogy*, will continue to recognise profits over its expected life. In accordance with the VRL portfolio accounting policy which follows Australian accounting standards, these remaining unbooked exploitation profits are estimated at \$25 million on a discounted cash flow basis.

The new portfolio (Portfolio 3) will commence with the September 2007 release of *The Brave One* starring Jodie Foster and is expected to contain 20 plus films. Future films will include *I Am Legend* starring Will Smith, *Get Smart* starring Steve Carell and *Speed Racer* directed by the Wachowski brothers (of *The Matrix* fame).

VRL Chairman John Kirby stated he is looking forward to continuing the successful film production partnership with Warner Bros with a new slate of films.

After taking into account the overall impact of the above items, VRL's Net Profit after Tax for the Year ended 30 June, 2007 is now expected to be approximately \$45 million.

Media contact:
Cosway Australia
- Mark Rudder
0411 362 362
- Tony Boyd
0408 723 763