

28 July 2003

**Village Roadshow Announces Proposal
to Cancel and Replace all its
A Class Preference Shares**

The Village Roadshow Ltd Board ("VRL") today announced that it will propose and recommend to shareholders that the company propose a scheme of arrangement with its A Class Preference Shareholders that will result in the cancellation of all the A Class preference shares on issue. Ordinary shares will be unaffected.

The consideration for the cancellation would comprise an upfront partial cash payment with the balance to be satisfied by the issue of interest bearing unsecured notes which will be repayable on deferred terms.

Resolutions of both ordinary and preference shareholders in favour of the Scheme and associated steps to implement the proposal, as well as the approval of the Court, will be required before the Scheme can proceed.

It is proposed that consideration for the cancellation will be \$1.25 per share and such consideration shall be payable 25¢ in cash and the balance by way of an unsecured note with a face value of an equivalent of \$1.00 per share, a maturity date three years after issue and an amortisation of one third of the face value each year. Interest on outstanding notes will be 10% per annum payable semi annually in arrears calculated on the amortised face value outstanding. The notes shall be subordinated to all secured and unsecured obligations of VRL but will rank in priority to shareholders of VRL. In the event of any default there will be penalty interest and note holders will have the right to elect to convert their notes back into A Class preference shares (having the same rights as are currently attached to the existing A Class Preference Shares) on a pro rata basis. Notes would not be convertible in the absence of a default. It is proposed that the unsecured notes and any new preference shares into which they would convert on a default would be listed for quotation on ASX.

Preparation of formal documentation to implement the proposal will commence, and the engagement of an independent expert to assess the proposal will occur, shortly.

Managing Director, Mr Graham Burke said: "Since the Preference shares were originally issued, the goals and direction of the company's core businesses have changed. We believe this proposal gives preference share holders the option to consider and vote on an alternative that may more appropriately address their investment needs."

Further details of the proposal including particulars of the unsecured notes and a detailed timetable for the implementation of the proposal will be released once the formal documentation has been completed, ASIC and ASX consulted and the court has ordered the convening of the Scheme meetings. At this stage this is expected to occur in the next 5 weeks.

For further information contact:

Mr Graham Burke (03) 9667 6602