

30 May 2006

VILLAGE ROADSHOW EXITS NON - CORE CINEMA INVESTMENTS

The Directors of Village Roadshow Ltd ("VRL") today announced that they were finalising negotiations to exit cinema exhibition operations in the following territories:

New Zealand/Fiji;
United Kingdom;
Austria.

VRL has concluded a Heads of Agreement with Sky City Entertainment Group under which they will acquire VRL's cinema interests in New Zealand and Fiji.

VRL has sold its cinema operations in Belfast, Northern Ireland to a local Irish cinema operator and is in discussions regarding the potential disposal of its remaining UK cinema interests. VRL is also in advanced discussions regarding an exit from its two remaining cinemas in Austria.

Directors are seeking to finalise these transactions on or before 30 June, 2006 which will result in VRL incurring further one-off adjustments to its forecast result for the year.

In the event that all transactions are successfully completed, the net cash proceeds will be marginally positive to the group (approximately A\$5 million) and there will be a neutral impact on the next financial year's EBITDA and trading profit. Importantly, exiting these territories will remove in excess of A\$250 million in operating lease commitments. Directors believe that if all the transactions are completed in the current financial year, the reported Loss after tax for the year ending 30 June, 2006 will be approximately A\$35 million.

As previously advised to the market, VRL Directors confirmed that they would consider the Company's dividend policy in August, 2006 when the full year results are available for review.

Graham Burke, CEO of VRL said: "We've previously advised the market that it was not our intention to remain investors in the United Kingdom and Austrian exhibition markets. Whilst the New Zealand and Fiji circuits are great businesses, our decision to sell to Sky City is in accord with our policy to only invest in businesses where we have direct management."