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**VILLAGE ROADSHOW BIDDER'S STATEMENT WARNS OF RISK TO  
SYDNEY ATTRACTIONS GROUP EARNINGS FORECASTS**

The bidder's statement for Sydney Attractions Group Limited (**SAQ**) released today by Village Roadshow Limited (**VRL**) highlights the target company's poor performance and the full value being offered under VRL's takeover offer.

VRL is making a cash offer of \$6.01 per share to acquire all of the outstanding shares in SAQ in which it does not currently have a relevant interest. The bid has a 50 per cent minimum acceptance condition.

VRL chief executive Graham Burke said: "The bidder's statement shows that despite the efforts of SAQ's management and Board, the company has underachieved, both operationally and for its investors. Over the five years prior to VRL announcing its bid, SAQ has underperformed the S&P/ ASX 200 Accumulation Index by 42 percent."

"Given SAQ's disappointing performance along with very high gearing and increased competition from new tourist developments in Sydney, including the new Asian elephants display and the planned Great Southern Oceans exhibit at Taronga Zoo, VRL believes that there is a real risk SAQ will not meet its forecast earnings."

"Promises of improvements have failed to materialise but now SAQ's shareholders have a real choice between continuing a disappointing investment or accepting VRL's premium cash offer for a relatively illiquid stock," said Mr Burke.

VRL's offer values SAQ at \$197.9 million, including \$67.1 million of SAQ's net debt<sup>1</sup>. The offer represents full and fair value and reflects very attractive EBITDA and P/E multiples:

- FY2007 EBITDA and P/E multiples of 16.1x and 108.0x, respectively, based on SAQ's reported earnings for the financial year ended 30 June 2007; and
- an FY2008 P/E multiple of 21.8x based on the mid-point of SAQ management's net profit guidance of \$5.5 million - \$6.5 million for the financial year ending 30 June 2008, provided to the market on 19 June 2007.

Mr Burke said: "SAQ's target's statement must address the ongoing earnings, share price underperformance prior to bid speculation, and execution risk, especially in regard to Wildlife World and the other attractions – Sydney Aquarium, Skywalk and Oceanworld Manly."

<sup>1</sup> SAQ reported net debt as at 30 June 2007 as stated in SAQ's Preliminary Final Report released 28 August 2007

The bidder's statement also shows that SAQ is very highly geared with interest cover of 1.4x and net debt of 5.4x EBITDA for the year ended 30 June 2007, which constrains its ability to make further investment and resolve the current operating problems at the various attractions in Sydney. SAQ, which last year breached two of its banking covenants, has yet to inform the market of the outcome of an internal review of its banking covenants and financial requirements announced in February.

In a letter to SAQ shareholders in the bidder's statement, VRL chairman John Kirby said: "As experienced theme park and attractions operators, we are only confident of being able to address the problems with SAQ's performance if we can achieve direct control of the company."

The bidder's statement has brought into sharp focus SAQ's poor financial performance in the period between the year ended 30 June 2002 and the year ended 30 June 2007, most notably:

- net profit after tax has declined from \$6.2 million to \$1.2 million;
- operating margin (EBIT/revenue) has declined from 38% to 11%;
- earnings per share has declined from 28.8 cents per share to 5.6 cents per share;
- total annual dividends per share has declined from 28 cents to 5 cents;
- net debt at 30 June has increased from \$6.2 million to \$67.1 million;
- EBITDA has risen marginally from \$11.9 million to \$12.3 million; and
- interest cover (EBIT - interest revenue/net interest) has declined from 21.0x to 1.4x.

The bidder's statement says that Wildlife World had achieved less than half the expected attendance of 1.2 million visitors that SAQ management forecast in May 2002 when plans to develop Wildlife World were first announced. SAQ had attracted 398,000 visitors between September 2006 and June 2007, which equates to approximately 515,000 visitors on an annualised basis.

The bidder's statement said that, if VRL acquires shares under its bid, VRL would seek to reconstitute the board of directors of SAQ to reflect VRL's ownership of SAQ and intends to undertake a strategic review of SAQ's businesses and operations. Only after this review is completed will VRL be able to determine the appropriate course for SAQ's businesses and necessary turnaround strategies.

"We don't see a quick fix to SAQ's problems," said Mr Burke.

If VRL acquires shares under its bid, VRL, through its nominees on the board of directors of SAQ, also intends to review the dividend policy of SAQ to ensure that it reflects an appropriate balance between ensuring that SAQ retains sufficient funds to meet its ongoing activities and capital requirements and the payment of dividends to SAQ shareholders.

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Media contacts:           Mark Rudder 0411 362 362  
                                  Tony Boyd 0408 723 763