



AUSTEREO GROUP LIMITED

31 March 2008

SHARE BUY BACK

The Directors of Austereo Group Limited announced today that the Company will undertake an on-market buy-back of ordinary shares of its issued capital. The Company intends to buy back up to 7.0 million shares (approximately 2% of the issued capital).

Purpose of Buy-Back

The Company's gearing (net debt to shareholders funds) at 31 December 2007 was 34.1%. With no immediate acquisitions currently envisaged, the Directors believe that this low gearing will continue for the foreseeable future.

The proposed buy-back may increase gearing to approximately 34.5% and will, in the Board's view, be a more efficient use of the Company's capital.

Source of Funding for Buy-Back

The buy-back will be funded utilising current cash reserves and undrawn debt facilities. The Company has access to a long term revolving \$240 million facility with a club of banks.

Based on the closing price of the Company's ordinary shares on the ASX on 28 March 2008 of \$1.58, a buy-back of 7.0 million ordinary shares at this price will cost the Company \$11.1 million.

Effect of Buy-Back

There is an 'interest cost' related to either cash used for the buy-back that would otherwise have been earning interest, or debt used to fund the buy-back. This 'interest cost' is not expected to exceed (on an after tax basis) \$637,000 on an annualised basis.

Subject to the risks associated with the business and operations of the Company, the Company believes that the only material effect on the Company's financial position as a result of the proposed buy-back will be this 'interest cost' and a reduction in net equity on an amount expended by the Company in undertaking the buy-back (i.e. a reduction in net equity of approximately \$11.1 million).

The Directors do not believe that there will be any material adverse effect on the prospects of the Company arising from the proposed buy-back of ordinary shares.

This positive use of capital does not preclude the option for Austereo to take advantage of appropriate opportunities in the media industry should they arise.

Participation of VRL in Buy-Back

Shareholders will be aware that Village Roadshow Limited ("VRL") holds approximately 51.65% of the ordinary shares in Austereo Group Limited.

VRL has advised the Company that it will not participate in the proposed buy-back.

In the event that all 7 million shares are bought back, VRL's relevant interest in the Company's ordinary shares will increase from approximately 51.65% to approximately 52.70%.

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