

14 November 2003

Village Roadshow Limited Preference Share Scheme

Further to our announcement on 12 November 2003, at the Supreme Court of Victoria hearing today in relation to the Scheme, the Court decided as follows:

1. It was not prepared to approve the Scheme at the present time because of concerns with one only of the three resolutions put to shareholders (Resolution 2.1 of the General Meeting – the Buyback approval).
2. It held that all shareholders (whether they held ordinary shares, preference shares, or both) should have been entitled (should they have wished) to vote in respect of Resolution 2.1 of the General Meeting (Buyback approval).
3. It further held that those shareholders were entitled to vote in the following manner only under the Corporations Act and the constitution of the Company in respect of Resolution 2.1 of the General Meeting (Buyback approval):
 - Ordinary shareholders (who held no preference shares): may have voted **in favour** or **against**;
 - Combined shareholders* (who held both ordinary and preference shares): may only have voted (should they have wished) **against** but not in favour;
 - Preference shareholders* (who held no ordinary shares): may only have voted (should they have wished) **against** but not in favour.

*The Court held that no votes cast **in favour** by combined shareholders and preference shareholders who held no ordinary shares may be counted.

4. It confirmed that the interests of combined shareholders are not dissimilar, or not sufficiently dissimilar, to the interests of preference shareholders who hold no ordinary shares, as would justify separate class meetings. Therefore, no additional class meetings were required.
5. The Court has jurisdiction to exercise its discretion to approve the Scheme but was not prepared to do so today in light of these findings. However, the Court has raised the possibility of reconvening the general meeting in respect of Resolution 2.1 (Buyback approval), upon the Company giving appropriate notice to all ordinary and all preference shareholders, and to put the buyback resolution (Resolution 2.1) and any other appropriate resolutions to them afresh. The Court considered submissions in respect of this proposal this afternoon and will consider further submissions next Tuesday 18 November 2003. If

approved, the present application for approval of the Scheme will be adjourned until that has been done.

The Company remains committed to a restructure of its capital for the benefit of all shareholders. The Company believes it is important to note that:

1. The Scheme resolutions have, in the Company's view, been overwhelmingly supported by shareholders (including the preference shareholders). The Court's concerns relate to Resolution 2.1 of the General Meeting only.
2. The voting exclusions adopted by the Company in the Scheme booklet in respect of Resolution 2.1 of the General Meeting (Buyback approval) were consistent with those adopted by a number of Top 100 ASX listed companies for their buybacks in recent years.
3. The objecting shareholder, Boswell Filmgesellschaft mbH, acquired 1,000 ordinary shares and 1,000 preference shares approximately one week before the Scheme meeting. In the Company's opinion, it would have purchased those shares in full knowledge of the information provided to shareholders in the Scheme Booklet. No other shareholder, and specifically no other preference shareholder, has appeared in support of Boswell's position.

The Company remains committed to ensuring the will of shareholders (as demonstrated by the Scheme Meetings) is achieved.