



19 October 2004

**COMPANY UPDATE**  
**ORDINARY BUY-BACK**  
**BOSWELL DEVELOPMENTS**

In its announcement of 18 October 2004, Village Roadshow Limited advised that it had received a letter dated 17 October 2004 from Boswell advising that it is working on a proposal (and has apparently been doing so for the past year) to acquire all of the ordinary shares in the Company.

The text of the Boswell letter and a copy of the Company's reply were attached to that announcement.

The Company has this morning received a further letter from Boswell in reply to the Company's letter of 18 October 2004. A summary of the Boswell's letter of 18 October 2004 is attached to this announcement as **Annex 2**.

The Company's reply to that letter of 19 October 2004 is attached to this announcement as **Annex 1**.

The Company does not agree with the propositions put by Boswell.

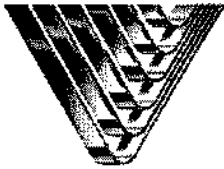
Taking into account the clear endorsement by shareholders (not including VRC or its associates) of the Company's capital management objectives, the Company considers that it is in the interests of shareholders to implement the buy back as endorsed by those shareholders in a timely manner.

The Company believes that Boswell's letter is simply another attempt to forestall the timely implementation of its legitimate and publicly announced capital management objectives.

As advised yesterday and in light of the matters set out in the Company's replies to Boswell of 18 and 19 October 2004, the Directors do not believe it is in the best interests of shareholders to delay the buy back.

ENQUIRIES: Peter Foo  
Finance Director  
03 9667 6666

## ANNEX 1



# VILLAGE ROADSHOW LIMITED

Direct Telephone +61 3 9667 6911 · Direct Fax +61 3 9654 6963  
Mobile +61 418 318 691 · Email [greg\\_basser@roadshow.com.au](mailto:greg_basser@roadshow.com.au)

Web Site: [www.villageroadshow.com.au](http://www.villageroadshow.com.au)

19 October 2004

Mr Hans Brockmann  
Managing Director  
Boswell Filmgesellschaft mbH  
Widenmayerstrasse 4  
80538 MUNCHEN  
GERMANY

**BY FACSIMILE +49 89 22 12 51**

Dear Mr Brockmann

## **Boswell's letter dated 18 October 2004**

I refer to your letter of 18 October 2004.

In my letter yesterday I stated that VRL would like to give you an opportunity to provide satisfactory evidence of Boswell's financial capacity (including credible binding equity commitments and/or approved credit facilities) to deliver on a transaction of the scale contemplated in your letter of 17 October 2004. The evidence was requested by no later than 8.00am this morning.

The evidence requested has not been provided. You simply say that it is 'premature to require evidence of a financial capacity'. We disagree.

You state that there does not seem to be any pressing need for VRL to proceed with the buy-back immediately or in the next two weeks and repeat your request for a two week 'opportunity' to seek to develop an alternative proposal. You have had plenty of opportunity in the period since October 2003 to develop a proposal. I reiterate that the VRL board can only respond to a takeover proposal when and if it is made. Upon receipt of a valid takeover proposal, the VRL board will give appropriate consideration to any such proposal. No such proposal is currently before VRL.

Accordingly, and taking into account the clear endorsement by shareholders (not including VRC or its associates) of VRL's capital management objectives, the directors consider that it is in the interests of shareholders to implement the buy-back as endorsed by those shareholders in a timely manner and without the imposition of artificial timing constraints which your letter seeks to impose. It is not a question of there being a pressing need to proceed with the buy-back immediately - it is simply a question of being able to proceed with the buy-back as overwhelmingly endorsed by shareholders in a timely manner and consistent with the efficient achievement of the company's capital management objectives.

I reiterate that VRL believes that your letter is simply another attempt to forestall the timely implementation of VRL's legitimate and publicly announced capital management objectives.

In the circumstances, VRL is not prepared to provide Boswell with a two week or any other time period 'to seek to develop an alternative proposal'. If Boswell wishes to progress an alternative proposal, VRL's requirements were made clear in my letter of 18 October 2004.

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054

**Melbourne:** Head Office: 206 Bourke Street, Melbourne, VIC, 3000. Box 1411M, GPO Melbourne, VIC, 3001 Australia Telephone +61 3 9667 6666 Facsimile +61 3 9663 1972

**Registered Office:** Warner Roadshow Movie World Studios: Pacific Highway, Oxenford, QLD, 4210 Australia Telephone +61 7 5588 6666 Facsimile +61 7 5573 3698

**Jam Factory:** 1st Floor, 500 Chapel Street, South Yarra, VIC, 3141. PO Box 2275, Prahran, VIC, 3181 Australia Telephone +61 3 9281 1000 Facsimile +61 3 9827 2229

*gb brackmann ltr 1810.doc*

For future correspondence purposes, could you please note that your correspondence should be addressed to the Melbourne office of VRL - 206 Bourke Street, Melbourne, Victoria, Australia, 3000 (facsimile 61 3 9654 6963).

Yours faithfully

A handwritten signature in black ink, appearing to be 'Greg Basser', written over a horizontal line.

**Greg Basser**  
**Director - Commercial & Legal**

copy: Minter Ellison  
Blake Dawson Waldron

## ANNEX 2

### SUMMARY OF BOSWELL LETTER – 18 OCTOBER 2004

In its letter of 18 October 2004, Hans Brockmann, Managing Director of Boswell:

- notes that his letter to the Board requested that discussion be conducted with the independent directors. This is because of what he says is the connection between certain executive directors and VRC. Mr Brockmann says that VRC stands to significantly increase its percentage holding in Village, if the buy back proceeds and it does not participate;
- confirms that Boswell is well aware that if it does submit a proposal to Village to acquire shares it will need to have the necessary arrangements in place to ensure funding of any acquisition. He states, however, that no proposal has been submitted and it is premature to require evidence of financial capacity;
- notes that Village indicated in its announcement to ASX on 18 October that it intends to proceed with the buyback on 21 October. He expresses the view that there does not seem to be any pressing need for Village to proceed with the buyback immediately (or in the next 2 weeks). He alleges that Village has itself stated that it believes it has approx 12 months in which to conduct the buy back.; and
- again requests that Village provide Boswell with a 2 week opportunity to seek to develop an alternative proposal.