

18 February 2004

**Takeovers Panel Declares Unacceptable Circumstances
Final Orders Vesting 23,923,878 Ordinary Village Shares in ASIC**

Village Roadshow Limited announced that the Takeovers Panel has concluded that:

1. Swissfirst Bank AG the holder of a beneficial interest in approximately 2.5% of the ordinary shares in VRL, has failed to comply with disclosure obligations under section 672B of the *Corporations Act*;
2. Schrodgers & Co Zurich, the holder of a beneficial interest in approximately 6.57% of the ordinary shares in VRL, has failed to comply with disclosure obligations under section 672B of the *Corporations Act*; and
3. 001Invest World Currency Fund Ltd, the holder of a beneficial interest in approximately 1.56% of the ordinary shares in VRL, has failed to comply with disclosure obligations under section 672B of the *Corporations Act*.

The Takeovers Panel has declared that each of the circumstances of the parties set out above is an unacceptable circumstance in relation to the affairs of VRL.

As a result of the declarations, the Takeovers Panel has ordered that the ordinary shares in VRL listed below (representing approximately 10.2% of all ordinary shares in VRL) be vested in ASIC and sold through a bookbuild, with the net proceeds to be accounted to ANZ Nominees Ltd and Citicorp Nominees Pty Ltd as appropriate.

- 15,443,174 ordinary shares in VRL held by ANZ Nominees Limited;
- 4,823,854 ordinary shares in VRL held by ANZ Nominees Limited; and
- 3,656,850 ordinary shares in VRL held by Citicorp Nominees Pty Ltd.

The Takeovers Panel has set out a procedure under which the sale will be undertaken (Orders 2 to 4), which are set out in detail in the attached Media Release of the Takeovers Panel. The Final Orders of the Panel contemplate that the relevant ordinary shares be sold within 6 weeks.

The Company made application to the Takeovers Panel on 23 January 2004 following the service of tracing notices on various foreign entities which beneficially hold shares in Village Roadshow Limited.

The Takeovers Panel proceedings were the final opportunity for Boswell and the other foreign parties to fully comply with their disclosure obligations so that the market could be fully informed.

Commenting on the Panel's decision, Graham Burke, Managing Director and CEO of VRL, said

"The decision of the Takeovers Panel has vindicated Village Roadshow's position that it has been subject to a concerted effort by mysterious foreign parties to hide the true holders of ordinary and preference shares."

The Takeovers Panel also found that each of Boswell Filmgesellschaft mbH (the holder 1,000 ordinary and 1,000 preference shares) and Mr Stefan Hamm (holding 150,067 ordinary shares), the controller of 001invest World Currency Fund Ltd, had breached the requirements of section 672B of the *Corporations Act* but that, as the parcels of shares held by those parties are not material and there was substantial compliance, the Panel considered that these breaches of section 672B did not result in unacceptable circumstances.

In light of ASIC's policy not to vote on shares which have been vested in ASIC, the Takeovers Panel has ordered that, during the 6 week "sale period" and without an order of the Court or prior approval of the Panel, VRL not reopen a poll taken at any previous shareholder meeting or hold any general meeting at which ordinary shareholders are entitled to vote on any item of business. The Panel has advised that this new requirement should apply to each vesting order of the Panel to ensure that, during the sale process, such vesting order does not distort the voting process on any significant resolution.

The Company notes that, given the time necessary to prepare any relevant notices, proxies and other materials together with the notice requirements for a general meeting, it would take at least 6 weeks for a general meeting to be held once a decision had been made that it be convened. No general meeting prior to the Annual General Meeting, expected to be held in late November 2004, is currently being contemplated by the Company.

The Company believes that the Panel's decision will not have any negative impact on the appeal by VRL to the Court of Appeal in respect of the First Scheme or the ongoing consideration of the Second Scheme by the Supreme Court of Victoria.

The hearing of the appeal commences today before the Court of Appeal of the Supreme Court of Victoria.

In addition, the Company understands that FIRB is continuing with its investigations. Village Roadshow believes that these investigations relate not only to the ordinary shares held by Boswell and the other parties but also extend to their preference shares.

Further enquires : Graham Burke
 Managing Director & CEO
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Tuesday, 17 February 2004

**VILLAGE ROADSHOW LIMITED: PANEL MAKES DECLARATION OF
UNACCEPTABLE CIRCUMSTANCES AND FINAL ORDERS**

The Panel has made a declaration of unacceptable circumstances in the Village Roadshow Limited (**VRL**) proceeding in relation to contraventions of section 672B of the Corporations Act 2001(Cth) (**Act**).

BACKGROUND

VRL alleged in an application to the Panel that its shareholder Boswell Filmgesellschaft mbH (**Boswell**) and Boswell's sole shareholder Rosco Film GmbH (**Rosco**) and sole director Mr Hans Brockmann failed to disclose information required to be disclosed with respect to their relevant interests in VRL shares and any instructions received from other parties with respect to the acquisition, disposal or voting of the shares.

Boswell, which is incorporated in Germany, holds 1000 ordinary shares and 1000 preference shares in VRL (**Boswell Parcel**).

VRL is listed on Australian Stock Exchange Limited (**ASX**) and has two classes of shares on issue, ordinary shares and preference shares.

On 26 September 2003, VRL issued a scheme booklet which proposed a buy-back and a scheme of arrangement between VRL and holders of VRL preference shares under which VRL would buy back all preference shares (the **First Scheme**). The Court did not approve the First Scheme. That decision is subject to an appeal.

On 12 December 2003, VRL issued a further scheme booklet which proposed another scheme of arrangement (the **Second Scheme**) on the same terms as the First Scheme, however, with different voting entitlements. The buy-back resolution proposed (**Buy-back Resolution**) has not received sufficient votes to be passed and on 10 February 2004, the general meeting of VRL shareholders was closed with the results of the poll taken at that meeting to be announced on ASX pending the outcome of proceedings before the Court and the Panel.

VRL issued tracing notices under section 672A to Boswell and others to obtain information prescribed by section 672B of the Act.

On 7 November 2003, in response to a tracing notice, Boswell disclosed that it acted in its own name, it had not received instructions by any third party, it is 100% owned by Rosco Film GmbH (**Rosco**) and Mr Hans Brockmann is the managing director.

In response to a tracing notice, Hans Brockmann disclosed that he was the beneficial owner of the Boswell Parcel.

ANZ Nominees Limited (**ANZ**) was before 21 January 2004, the registered holder of shares (**ANZ Parcel**) representing approximately 8.6% of the VRL ordinary shares and 15.4% of the VRL preference shares.

In response to a tracing notice, ANZ disclosed by letter dated 29 October 2003 that it held the ANZ Parcel as nominee for SegalInterSettle AG (**SegalInterSettle**), a Swiss securities services corporation.

In response to a tracing notice, SegalInterSettle by facsimiles dated 28 October 2003 and 10 November 2003 (in relation to ordinary shares) and 20 January 2004 (in relation to preference shares), disclosed that it held the ANZ Parcel as nominee for:

- Schrodgers and Co Zuerich (**Schrodgers**) as to 15,443,174 ordinary shares and 34,707,843 preference shares ; and
- Swissfirst Bank Zuerich (**Swissfirst**) as to 4,823,854 ordinary shares and 3,885,428 preference shares.

In response to a prior tracing notice, by emails dated 11 June 2003 and 25 June 2003, Schrodgers indicated that it acted only “as Bare Trustee” and due to “Swiss Banking Secrecy” it was not entitled to disclose any information.

In response to a prior tracing notice, by a letter dated 13 February 2004 from its legal advisers, Swissfirst indicated and due to “Swiss Banking law” it was not entitled to disclose any information without the explicit prior relief from the obligation granted by its customer or the Swiss Federal Banking Commission.

Citicorp Nominees Pty Limited (**Citicorp**) was, before 21 January 2004, the registered holder of shares (**Citicorp Parcel**) representing approximately 1.6% of the VRL ordinary shares.

In response to a tracing notice, Citicorp disclosed by report dated 29 October 2003 that it held the Citicorp Parcel as nominee for GNI Limited (**GNI**).

In response to a tracing notice, GNI disclosed by letter dated 20 January 2004, that it holds:

- 3,656,850 shares in VRL as nominee for Mr Thomas Davis, c/o The Meridian Group located in Bermuda; and
- 150,067 shares in VRL as nominee for Mr Stefan Hamm of the British Virgin Islands.

In response to a tracing notice, Meridian Corporate Services Limited disclosed, by email dated 4 February 2004, that shares are held at GNI under the name of 001invest World Currency Fund Ltd of which Mr Tom Davis is a director, however, Mr Davis has no beneficial ownership in the shares.

Under its application to the Panel VRL sought a declaration of unacceptable circumstances and orders that:

- Boswell and other parties to disclose:
 - the identity of the person or persons who are “using them as a front”; and
 - the instructions they received in relation to that purpose; and

- if the Panel considers that either or both:
 - the conduct of the persons behind Boswell; or
 - the failure of either or all of Boswell and the other parties described to properly respond to the tracing notices and the fact that this led to VRL and the market being uninformed,

was unacceptable, the votes of the persons behind Boswell be disregarded for the purpose of determining whether the Buy-back Resolution was passed on 21 January 2004.

VRL suggested that one option open to the Panel is to order that the poll on the Buy-back Resolution be reconducted at the resumed general meeting with the Boswell Parties prohibited from voting against the resolution.

In submissions, ASIC proposed that the ANZ Parcel and the Citicorp Parcel be vested in ASIC and sold.

THE PANEL'S DECISION

The Panel decided that the continuing failure of Schroders, Swissfirst and 001invest World Currency Fund Limited to respond fully and adequately with respect to VRL ordinary shares held by them to notices served on them under section 672A(1)(b) of the Act constituted a breach of section 672B. The Panel also noted that the relevant parties had failed to respond fully and adequately to requests for information sent to them by the Panel.

As the shares to which this non-disclosure relates constitute approximately 10.2% of the total number of ordinary VRL shares on issue and represent a substantial proportion of the free float of VRL ordinary shares, the Panel considers that the breach of section 672B results in unacceptable circumstances and has made a declaration to that effect.

The Panel considered that, despite technical non-compliance with the time restrictions and form for responses to tracing notices by Boswell and Mr Stefan Hamm, there had been reasonable efforts made by those parties to comply substantively with the requirements of section 672B of the Act. Because the parcels held by those parties were not material in size and there was substantial compliance by those parties, the Panel considered that any breach in relation to shares held by those parties did not result in unacceptable circumstances.

In relation to parties' interests in preference shares, the Panel considers that as the preference shares are not "voting shares" for the purposes of the Act, a person cannot issue a secondary tracing notice under section 672A(1)(b) directing a person to make the prescribed disclosure in relation to preference shares. Therefore there has been no breach in relation to any VRL preference shares held by the parties.

ORDERS BY THE PANEL

The Panel has received submissions from the parties concerning the orders that should be made on the basis of the Panel's declaration of unacceptable circumstances.

The Panel does not consider that the unacceptable circumstances identified in these proceedings would be remedied by an order affecting the result of the Buy-back Resolution. Such an order would not address the fact that substantial parcels of ordinary shares in VRL are held by unidentified parties and that the market is therefore trading on an uninformed basis.

The Panel also considers that it would be inappropriate to make an order disallowing the votes cast in relation to the ANZ Parcel and the Citicorp Parcel in relation to the Second Scheme. Such an order would have an unnecessary retrospective effect, as there is no clear nexus between the unacceptable circumstances and the outcome of the buy-back resolution.

The Panel has made final orders in relation to the VRL ordinary shares held by Schroders, Swissfirst and 001invest World Currency Fund Limited, requiring that those shares be vested in ASIC (with registration of those shares in the name of ASIC), pending their sale. The shares will be sold by an independent stockbroker through a bookbuild process, subject to conditions requiring that the shares be sold for a price as close as possible to the market price when a trading halt was imposed before this decision was announced, with no one purchaser being allocated more than 1% of the total number of issued VRL ordinary shares, and no purchaser may be associated with any other purchaser or any person who previously had an interest in the shares being divested. ASIC is to seek further orders, which may include an extension of the 6-week period, if it is unable to sell the shares at this price.

The Panel has used this sale structure in order to minimize the impact of the divestiture on the market for VRL shares. The relevant shares have been identified to ensure that parcels of VRL shares held by the relevant nominees (ANZ and Citicorp) on behalf of unrelated clients are not effected.

The Panel has also made an ancillary order that VRL must not put any resolutions to members for a period of 6 weeks or such lesser time as it takes for the shares to be sold. ASIC's policy is not to vote any shares which have been vested in it. Therefore this order is necessary to ensure that the vesting order does not distort the voting process on any significant resolution. VRL may apply to the Panel for relief from this order should the need for urgent consideration of a resolution by members arise.

A copy of the declaration and orders made by the Panel accompanies this media release.

INTERIM ORDERS

The Panel made interim orders on 12 February 2004 in relation to specified parcels of shares, requiring that those shares not be transferred until further orders by the Panel.

As the Panel has now made final orders in relation to this proceeding, those shares specified in the interim orders are no longer subject to the restrictions set out in those interim orders. Those shares that are subject to the vesting orders made by the Panel today must be transferred to ASIC as soon as possible.

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Village Roadshow Panel Declaration of Unacceptable Circumstances

Corporations Act 2001 Sections 657A Declaration

In the matter of Village Roadshow Limited

WHEREAS:

- A. Swissfirst Bank AG, the holder of a beneficial interest in approximately 2.05% of the ordinary shares in Village Roadshow Limited (VRL), has failed to comply with section 672B of the Corporations Act (Act) by not disclosing the details required by that provision in response to notices relating to ordinary shares given on behalf of VRL under section 672A of the Act on 11 June 2003 and 13 February 2004.
- B. Schroders and Co Zuerich, the holder of a beneficial interest in approximately 6.57% of the ordinary shares in VRL, has failed to comply with section 672B of the Act by not disclosing the details required by that provision in response to notices relating to ordinary shares given on behalf of VRL under section 672A of the Act on 11 June 2003, 10 November 2003 and 13 February 2004.
- C. 001Invest World Currency Fund Ltd, the holder of a beneficial interest in approximately 1.56% of the ordinary shares in VRL, has failed to comply with section 672B of the Act by not disclosing the details required by that provision in response to a notice relating to ordinary shares given on behalf of VRL under section 672A of the Act on 4 February 2004.

Under section 657A of the Act, the Takeovers Panel declares that the circumstances set out in recitals A to C are unacceptable circumstances in relation to the affairs of VRL.

Dated 17 February 2004.

Denis Byrne
By authority of the Sitting Panel

Village Roadshow - Panel Final Orders

Corporations Act Section 657D Final Orders

In the matter of Village Roadshow Limited

Pursuant to section 657D of the Corporations Act 2001 (**Act**) and pursuant to a declaration of unacceptable circumstances made by the Panel on 17 February 2004, the Takeovers Panel HEREBY ORDERS:

- (1) that the legal title to and beneficial ownership of the ordinary shares in Village Roadshow Limited (**VRL**) listed in the Schedule (the **Sale Shares**) be vested in the Australian Securities and Investments Commission (**ASIC**) by the transfer of the Sale Shares by the holders to ASIC, to sell the Sale Shares by bookbuild and account to ANZ Nominees Limited and Citicorp Nominees Pty Limited as appropriate (who shall account to the person on whose behalf they hold the Sale Shares) for the proceeds of sale, net of the costs, fees and expenses of the sale (including the costs, fees and expenses incurred by ASIC in complying with order (2));
- (2) that ASIC retain a competent and independent broker (**Broker**) to conduct the sale, who has provided a statutory declaration that, having made proper inquiries, the Broker believes neither it nor any of its related entities has acted for any of the following (the **Parties**) or any associate of a Party in the past 12 months in any respect:
 - VRL;
 - Schroders and Co Zuerich;
 - Swissfirst Bank AG;
 - GNI Limited;
 - SIS Segaintersettle AG;
 - 001invest World Currency Fund Limited;
 - Meridian Corporate Services Limited.
- (3) ASIC will instruct the Broker:
 - (a) that none of the Parties nor any respective associate may buy any of the Sale Shares;

- (b) to seek to maximise the sale price of the Sale Shares while not selling more than 1% of the total ordinary shares in VRL to any person, alone or together with its associates (the 1% cap);
 - (c) that it obtain from any prospective purchaser of Sale Shares a statutory declaration or statement in accordance with rule 7.1(c) of the Panel's Rules for Proceedings:
 - (i) that it is not associated with any of the Parties; and
 - (ii) setting out, to the best of its knowledge, the identity of any associate who is bidding for any of the Sale Shares;
- (4) without limiting ASIC's ability to seek further orders, that ASIC seek further orders from the Panel if:
- (a) the Broker is unable to dispose of the whole parcel within the 1% cap within 6 weeks from the date of this order, at a price not below \$1.72 per share, and without unduly depressing the market price of VRL ordinary shares;
 - (b) the Broker receives bids which are so high as to suggest that the bidder is indifferent as to the price it pays;
 - (c) it appears to the Broker, in the course of the bookbuild, that selling under the 1% cap would materially reduce the return to the beneficial owners of the Sale Shares on the sale;
- (5) that each of ANZ Nominees Limited and Citicorp Nominees Pty Limited not sell, transfer, mortgage or otherwise deal with the Sale Shares (except to give effect to the vesting or sale), or exercise the votes attached to the Sale Shares, until the vesting is completed by registration of a transfer or transmission of the Sale Shares (**Transfer**);
- (6) that VRL not register any transfer or transmission of the Sale Shares (except to give effect to the vesting) or pay any dividend on the Sale Shares, until Transfer;
- (7) that during the period specified in order (4)(a) (or any further period ordered by the Panel in which ASIC is to dispose of the Sale Shares), without an order of the Court or the prior approval of the Panel, VRL not reopen a poll taken at any meeting previously held or hold any general meeting at which votes attached to ordinary shares are entitled to be cast on any item of business;
- (8) that in this document, "**associate**" has the meaning given to that term by sections 12, 15 and 16 of the Act with the modification that in sub-paragraph 12(2)(a)(ii) the expression "a body corporate" is replaced by the expression "an entity";

- (9) that each party have the liberty to apply for further orders in relation to the matters covered by orders (2), (3), (4) and (7).

Schedule - the Sale Shares

- (A) 15,443,174 ordinary shares in VRL held by ANZ Nominees Limited;
- (B) 4,823,854 ordinary shares in VRL held by ANZ Nominees Limited; and
- (C) 3,656,850 ordinary shares in VRL held by Citicorp Nominees Pty Limited.

Dated 17 February 2004

Denis Byrne
By authority of the Sitting Panel