

27 January 2004

PREFERENCE SHARE SCHEME

Meetings on 21 January 2004

The Company's share registrar, Computershare has completed its sort of the categories of shares that cast votes in respect of the meetings of shareholders held last Wednesday 21 January 2004.

Based on the votes cast at the various meetings :

- The **Scheme** was approved by Preference Shareholders with at least 75% of votes (77.45%) and at least 50% of members casting votes (82.53%) 'for' the resolution.
- The resolution put to Preference Shareholders at the **Class Meeting** was duly passed with at least 75% of votes cast (77.48%) 'for' the resolution.
- The modifications to the **Constitution** of the Company (which are only effective if the Scheme is implemented) were approved by Ordinary Shareholders with at least 75% of votes cast (87.47%) 'for' the resolution.
- There is still uncertainty as to the outcome of resolution 1 of the General Meeting.

This resolution seeks approval under section 257D of the *Corporations Act* to give the Company power to enter into the buy back agreements arising under the Scheme.

This resolution does not seek approval of the Scheme. The Scheme is conditional, amongst other things, upon an approval under section 257D by 30 June 2004. As a result, a failure to pass the resolution at the meetings last Wednesday is not necessarily fatal to the Scheme.

As reported on 23 January 2004, the votes cast in respect of resolution 1 at the General Meeting were as follows:

- Votes cast 'for' 167,245,256
- Votes cast 'against' 70,174,843

The votes cast 'against' have been sorted by Computershare:

Ordinary Shareholders who are not Preference Shareholders or associates of Preference Shareholders	4,030,299
Holders of Ordinary Shares and Preference Shares (or associates of Preference Shareholders) <ul style="list-style-type: none"> - Ordinary Shares 24,483,829 - Preference Shares 40,810,469 	
Preference Shareholders who do not hold Ordinary Shares	850,246

There are therefore 3 possible outcomes for this resolution::

- if only votes cast by members who are entitled to vote both 'for' and 'against' the resolution are to be counted in determining whether or not the resolution has duly passed, the resolution would be duly passed with a 97.65% majority.
- if only votes cast by Ordinary Shareholders (including those who also hold Preference Shares or are associates of Preference Shareholders) are to be counted, then the resolution would be passed with an 85.43% majority.
- if all votes cast in respect of the resolution are to be counted (i.e. if only 37% of members could cast votes 'for' whereas 100% could cast votes 'against'), then the resolution would fail with only a 70.44% 'for' vote.

The Company is continuing to seek advice in respect to the voting on this resolution and, in particular, whether or not all votes cast 'against' the resolution are to be counted in determining the outcome of the resolution as well as the eligibility of those who cast a vote on the resolution to actually cast their vote.

The entitlement to vote on resolutions to empower companies to enter into buy back agreements under section 257 of the *Companies Act* is the main issue the subject of the appeal by the Company in regard to the first scheme.

It is the Company's current intention to seek the views of the Supreme Court of Victoria in respect to the outcome of this resolution when the hearing of the Scheme is before the Court on or about 30 January 2004.

Future of the Preference Scheme

As evidenced by the voting in the meetings last Wednesday, the overwhelming majority of shareholders continue to support the Scheme.

Based on the voting on resolution 2 at the General Meeting by Ordinary Shareholders and at the Scheme Meeting by Preference Shareholders, over 82% of the shareholders (Preference and Ordinary) who attended the meetings support the Scheme.

Just prior to Christmas, the Victorian Court of Appeal ordered that the appeal in respect of the decision of Justice Mandie in respect of the first scheme be expedited. The Company expects that the hearing of the appeal is likely to occur within the next 2 to 6 weeks with a decision expected within 2 to 4 weeks after the hearing.

The Directors believe that the prospects of a successful appeal remain favourable. As a result, the Company will continue to vigorously pursue the appeal.

In the event that the appeal is successful, the Company is confident that, particularly in light of the continued support by Preference Shareholders, the Scheme (whether the first or the second) will be approved by the Court and implemented.

In addition, a successful appeal would mean that the potentially anomalous situation that arises out of the decision of Justice Mandie whereby only 37% of shareholders can cast votes 'for' resolution 1 but 100% can cast a vote 'against', will be rectified. It will also bring legal certainty to many buy backs undertaken by other ASX listed companies which have adopted the same approach to voting on such resolutions as that taken by VRL.

Following a review of the available options in respect of the reorganisation of the Company's capital structure over the long weekend, the Directors remain committed to the implementation of the Scheme, thereby reflecting the will of the majority of the Company's members. They believe that the best course of action to achieve this is to continue to vigorously pursue the appeal and to also seek the approval of the Court for the Scheme.

The Company has requested that the suspension of trading in its securities be lifted from the commencement of trading today, Tuesday 27 January 2004.