

**CHAIRMAN'S ADDRESS TO  
VILLAGE ROADSHOW LIMITED  
ANNUAL GENERAL MEETING**

**26 NOVEMBER, 2004**

Ladies & Gentlemen, let me give the shareholders the board's overview on the year past and where we are headed.

Last year, 2003, we experienced the first loss in our history \$26m this year our net profit is \$52.2m. The market has recognized this significant turnaround.

It is very pleasing to all shareholders to see an uplift in our preference and ordinary share prices of 57% and 18% respectively since the time of our last AGM.

Across all divisions of Village Roadshow we have achieved strong cash flows and continue to establish soundly structured finance for future growth.

The Village Roadshow balance sheet, as indicated in the end of year Stock Exchange announcement remains "robust with gearing ratio (excluding film production non-recourse debt of \$815m) of less than 30%". The gearing expressed in terms of net debt as a percentage of total shareholder funds, is approximately 17%.

Your board and executive have achieved much in the year past in strengthening the financial architecture of your company:

With the successful completion of the 20% ordinary share buy back this week, we have now reduced the total register to approximately 280m preference and ordinary shares.

The sale recently of Taiwan complemented the rationalisation of cinema territories over recent years, significantly reducing our long term financial exposure to leases.

The Village Roadshow Pictures, \$US900m facility has been extended a further 2 years to 2012.

Your company has never been stronger financially and more focused on its core expertise in entertainment.

A few comments on each division:

EXHIBITION has had an exhilarating year with profit before tax excluding discontinuing items up 134% to \$28m driven by a wonderful range of films from *Lord of the Rings: Return of the King* to *Shrek 2*.

This financial year has started slowly with an increasing momentum of product building through to Christmas into the New Year. Current strong releases include the sequel to *Bridget Jones Diary* and very soon *The Incredibles* (we have a trailer to show you a little later) and of course *Oceans 12*. We are confident that cinema exhibition will trade above the previous year.

We continue to pursue very specific cinema expansion opportunities in our key territories of Australia, New Zealand, Singapore and Greece.

DISTRIBUTION experienced excellent trading driven by extraordinary product depth and the phenomenal growth of the DVD market. Profit was up 56% to \$14.5m.

It will be difficult to top this record result but the year has commenced strongly.

FILM PRODUCTION had a small loss of \$0.8m primarily due to the financial restructure in February 2003 and a smaller than usual slate of films.

The next twelve months will see a powerful release schedule. *Oceans 12* in December, *Miss Congeniality 2 : Armed and Fabulous*, *Charlie and the Chocolate Factory*, *House of Wax* and *Constantine* next year.

RADIO to quote our fellow director, Peter Harvie, Chairman of Austereo Limited; "Austereo took the changing radio market conditions in its stride. The group held its place as the most successful capital city radio operation in Australia, in audience, sales and profit terms."

Despite the avalanche of new competition, Austereo's profit was \$60m only 3.9% down on the previous year. Peter, can you add your comments on current trading.

Of course, since the election we also have cross media on the radar. In an operational sense we do not believe that this will have any foreseeable impact in the immediate term.

THEME PARKS have had a successful year with admissions up 10% to 3.4m and EBITDA up 15% to \$24m operating profit before tax of \$11.5m in line with the prior year. The highlight was the wonderful success of Shark Bay at Sea World which opened in April.

This current year's trading is excellent and we expect a very solid summer.

Over the past year it has been a challenge to "keep our eye on the ball" of our operating businesses whilst pursuing restructure of our shareholding base. The re-invigorated profitability and balance sheet strength of Village Roadshow is a testament to this successful dual management focus. We now have the platform to refocus our primary executive energies to expanding our business horizons.

Village Roadshow is an entrepreneurial company by history and philosophy. Apart from organic growth, into the immediate future your executive directors will begin the search and investigation of a range of new opportunities for the group.

Into the medium longer term your board, along with shareholders, are keen to resume dividends. However, our primary objective is strong business growth, asset growth reflected in increasing share prices. As previously advised to the market each year your board will continue to judge the balance of capital investment requirements and the ability to pay dividends. Clearly, the first priority and responsibility of your board is growth.

I would now like to show you trailers of four films that will drive our future business, including our own Village Roadshow Pictures *Oceans 12* production.