

**CHAIRMAN'S ADDRESS TO
VILLAGE ROADSHOW LIMITED
ANNUAL GENERAL MEETING
28 NOVEMBER, 2003**

Ladies & Gentlemen before we plough into the detail of our meeting let me review our year's activity and give the board's perspective of the immediate future.

In the 2003 financial year we recorded an overall loss of \$26m - our first loss in our history.

No-one can be happy with a loss, whether caused by accounting adjustments, asset write-downs, etc. However, we believe that shareholders can take some genuine comfort and confidence from the effective underlying health of an increasing operating cash flow. Excluding specific items and discontinued businesses, operating profit after tax was \$61.1m - 10% up on the previous year. Despite their recent requirement for capital support, our businesses remain strong and viable.

This past year has not been an easy environment for our businesses - attacks have come in many forms; from SARS and terrorism impacting Parks and Cinemas, new Radio licences, video piracy, frustration of our Preference capital restructure initiative. But there have been highlights and some strong new positive future foundations, including:

- Consummation of our \$1 billion US production finance and very importantly structural and simplification to an on-balance sheet 100% owned entity.
- Increasing our equity to 50% of the highly successful Australian multiplex cinema circuit.
- Extraordinary growth of the DVD market worldwide, underpinning the value of our production and distribution businesses and ultimately breeding new and wider audiences for cinema.
- Major cinema asset sales in Korea and the United Kingdom

Now a summary of the status of each of our businesses.

CINEMA

Cinema profit before tax increased 10.5% over the previous year to \$12.0m. On a like for like basis sites open for a full year experienced a 2% increase in admissions.

This result was supported by a strong flow of films from *Harry Potter* last Christmas to *The Matrix Reloaded* in May; counterbalanced by SARS, floods in the Czech Republic, partial collapse of screen advertiser Val Morgan and the sale of our UK joint venture cinema circuit; in these circumstances our increased profit and admissions was a reassuringly resilient result.

Current cinema trading looks good and the line up of product running through Christmas is excellent, including the industry phenomenon, the final film in the *Lord of the Rings* trilogy of which we, Roadshow, are the proud distributors.

DISTRIBUTION

Distribution is enjoying a halcyon period, driven by an extraordinary product line up that has dominated the industry - *My Big Fat Greek Wedding*, *Austin Powers*, *Harry Potter*, *The Matrix* and of course, *Lord of the Rings*.

This current year, if anything, looks even stronger and certainly the momentum and growth of DVD will continue unabated.

PRODUCTION

As I mentioned, the simplification of structure to an on-balance sheet 100% owned entity, the \$1 billion US finance which gives us a solid base from which to build this division of the group. As you, of course, know your company co-owns the MATRIX franchise together with Warner Bros. *The Matrix Reloaded* which was released earlier this year has grossed at the box office more than \$US280m in the US and \$US455m international for a world wide total of more than \$US735m. *The Matrix Revolutions* which has only been in release for 3 weeks has grossed over \$US125m in the US and \$US235m internationally for a total to date of over \$US360m

On present indications *The Matrix Revolutions* is likely to be the 3rd or 4th highest world wide grossing film of all pictures released this year. These are the foundations of financial strength and visible market success to drive our long term vision of a valuable film library and operating profits.

Now let me show you some trailers of our current production line up - *Mystic River*, the Clint Eastwood directed film which we believe should be nominated for best film at next year's Academy Awards and is already a box office success worldwide; *Torque* is a high energy, high potential youth movie from the producers of *The Fast and the Furious*; and *Taking Lives*, with the beautiful Angelina Jolie is also set for release early next year.

RADIO

Radio has had a year to remember, but not necessarily repeat! What business can withstand a simultaneous industry wide revenue downturn and a dramatic new competitive landscape. Austereo's EBITDA was \$83.1m, down only \$5.3m from the previous year.

Austereo finished the financial year the number one all people or number one FM Station in each of its markets throughout Australia.

THEME PARKS

Theme Parks also demonstrated resilience, down only 16.7% in profit this past year even in the face of the combined impact of SARS, the Bali bombing and the Iraq war. With strong management discipline, EBITDA was a respectable \$20.8m - down 9.2%.

The new Scooby Doo ride was a terrific success here at Warner Bros. Movie World and the new Shark Bay attraction at Sea World in 2004 will be sensational.

We are very encouraged by current trading and the Christmas/New Year period should be excellent.

Now, let me dwell briefly on other corporate matters.

We have had discussions with the Australian Shareholders Association about quite a number of corporate governance matters. This dialogue will continue as we search for a more positive market image; always recognising that Village Roadshow does have a unique character and history.

We cannot change who we are and your executive directors, Graham Burke, John Kirby, Peter Foo, Peter Harvie and I are the people who created the businesses that are Village Roadshow today. In a similar context we depend on and gain specific value from Bill Conn in his merchant banking background, Peter Jonson for a vast background in finance and Barry Reardon in the whole spectrum of the film and entertainment industry especially in Film Distribution and Exhibition.

Finally, we are all very aware of the intention, subject to continuing support, to re-submit the preference share scheme for shareholder approval.

Based on the votes cast, the original shareholder meetings on Monday November 3 in Brisbane resulted in an overwhelming approval of all resolutions.

Unfortunately the court endorsement did not follow as a matter of course. A new shareholder out of Germany purchased 1000 ordinary and 1000 preference shares 7 days before the vote and objected to the scheme.

Of those who voted on Resolutions 1 and 2 at the General Meeting, ordinary shareholders approved them by 89% and 92% of votes respectively. Importantly, preference shareholders approved the scheme by 172 million votes to 4.6 million - by 97%.

Re-submission of the scheme was not an automatic decision. The cost is not insignificant and enormous executive energy diverted from traditional business activity in the most crucial trading period. However, the wish of shareholders to see this scheme completed was expressed vociferously and compellingly by both Australian and overseas shareholders. The continued strength of both preference and ordinary share prices are indicative of this support. This has not been an easy process.

However, this simplification and rationalisation of our capital structure is a priority we will pursue as long as the current shareholder support remains.

Beyond this structural change, we believe Village Roadshow will be judged and appreciated in market as are other companies. With renewed focus on our business operations we are confident and optimistic 2004 will be our year of stability.