

17 July 2008

Chairman's Address to General Meeting

The purpose of the proposal before the meeting is to appropriately reward and incentivise the Company's CEO over the long term.

Before putting the resolution to the meeting I would like to recognise Mr Burke's tremendous contribution to the Company over many years. Graham Burke gives his all for this Company and is vital for its future well-being.

He has been a major force in the strategic direction that has seen it become a major media and entertainment enterprise – in movies, cinema exhibition, our participation in Radio, and our major expansion in the theme park arena here in Australia and now overseas in New Zealand, Hawaii and the continental USA.

In December last year, Mr Burke agreed to an extension of his contract of employment as Managing Director and Chief Executive of the Village Roadshow Limited group.

The proposal has the full support of the directors of the Company other than Mr Burke, Mr John Kirby, and Mr Robert Kirby who have stood aside from making any recommendation in relation to the proposal.

The Board believes the grant of the options before the meeting today is appropriate to the key role Mr Burke plays within the group, and replaces his previous long term incentive plan which expired at the end of November 2007. The details of the new long term incentive plan are set out in the notice of meeting and explanatory statement.

Central to the granting of the proposed options is the setting of performance hurdles to ensure that there is complete alignment of Mr Burke's interests with those of all shareholders of the Company.

Before setting those hurdles, the Remuneration Committee, of which I am Chairperson, took its own market soundings and investigations and sought and obtained relevant professional advice on the details of the plan as well as a number of the Company's major stakeholders.

The proposal has the unanimous approval of the independent Directors of the Company's Board who recommend voting in favour of the allotment of the options to Graham Burke.

In addition the proposal has been assessed by both of the two main proxy and governance advisory bodies who have recommended a vote in favour of the resolution.

I should also point out at this juncture that the Company has recently been awarded 4 out of a possible 5 stars for its current corporate governance in the WHK Horwath 2008 Corporate Governance Report, so your Company has been assessed as one of the leading entertainment companies in the corporate governance space as well.

The proposed option plan is a long-term incentive scheme with performance features that meet stringent tests, consistent with modern views of what is best practice.

Firstly the strike price of the options which, at \$3, is well above the current market price of \$1.90. This is much tougher than intended when the plan was being devised, but we all need to cope with the pressures of a bear market.

Secondly, there are tough performance hurdles that need to be achieved before the options will vest - with both the earnings per share target and the dividend per share target required to grow at cumulative compound annual growth rates at or above 5 % for overlapping three year periods for any grant of options to vest, and for the maximum grant to be made only if the cumulative compound annual growth rate is 10 % or greater - with provision for only one missed dividend in any three-year period.

We believe this would be a very good outcome for all shareholders in light of the challenging times we all currently are enduring with consumer and business sentiment low, inflation on the rise and a very weak sharemarket.

Finally the plan is clearly focussed on the long term performance of the Company, only cutting in after three years and allowing for three grants of up to 2 millions options at the end of years three, four and five if and only if the maximum hurdle rates are achieved.

In this way Graham Burke only benefits directly in proportion to how shareholders themselves benefit from the performance of the Company.

I will now turn to the formal business of the meeting and put the Resolution to the Meeting.