

17 November 2011

**VILLAGE ROADSHOW LIMITED  
CHAIRMAN'S AGM ADDRESS**

Ladies and Gentlemen, before proceeding with the meeting's formalities I would like to summarise the VRL group's achievements and challenges of the past year and then update you with current activities.

Last year VRL achieved a net operating profit after tax and before material items and discontinued operations of \$31.3 million and EBITDA from operations of \$140.5 million.

The year was also important for a number of significant milestones.

Your Board of Directors made a philosophical and policy commitment to de-risk Village Roadshow in this unpredictable post GFC world whilst carefully and conservatively maintaining our long term growth aspirations.

Our first priority was to simplify our shareholding structure. We completed a successful on-market buyback and variation of rights proposal which resulted in all existing preference shares converting into ordinary shares, leaving the Company with just one class of shares.

Secondly, to achieve the objective to de-risk our group we successfully sold our majority shareholding in the Austereo Group to Southern Cross Media and we divested the Sydney Attractions Group businesses to Merlin Entertainment Group, realising in total \$489.8 million in cash proceeds.

Thirdly, we have restructured our corporate overheads to reflect the more streamlined VRL and its remaining operations. This includes a number of initiatives which will achieve annual cost savings of approximately \$10 million including a significant reduction in remuneration packages of the Company's executive directors.

Finally, we have repaid the Corporate debt facility in full and have distributed \$193.9 million to shareholders since our last AGM. This \$1.28 per share is derived from an interim dividend of 8 cents and a special dividend of 12 cents per share in April 2011, the \$1.00 cash return to shareholders in July 2011 and a fully franked final dividend of 8 cents per share in October 2011.

Our Board wishes to emphasise our continued conservative approach to investment initiatives in these current troubled and difficult times. Where possible we are leveraging our expertise and experience in all our businesses rather than use our cash investment resources.

We are focussed on both energising and maximising the earnings of all our film, cinema and theme park enterprises.

We are also well placed to take advantage of a number of organic growth opportunities within these existing businesses. We are progressing carefully on a number of fronts simultaneously including expanding our theme park operations both locally, such as Wet'n'Wild Sydney, and also internationally. I am pleased to announce we continue to make very good progress to build and operate a world class theme park in China.

This new theme park in China will be an enormous undertaking by your Village Roadshow theme parks team of people; it effectively leverages the extraordinary value of our 40 years and more of world quality theme park expertise and without any heavy investment burden. This opportunity for our theme parks in China is an exciting long-term venture, and a platform for other theme parks elsewhere in Asia.

Further digital strategies, opportunities and challenges continue to present themselves in all our core businesses, such as mobile ticketing at cinemas. The most exciting opportunity is definitely in the future digital distribution of films as well as television programming.

Let me now touch briefly on the key operational elements and challenges of each of our businesses.

### Film Production

We continue to have an objective to increase the capital or equity base of Village Roadshow Entertainment Group. A stronger capital base would enable VREG to more fully utilise our very advantageous US\$1 billion film finance facility and produce a broader portfolio of films each year.

We continue to investigate the opportunity to list this film production company, possibly in Asia.

The sequel, *Happy Feet 2* opens in America this week and Christmas here in Australia; the next *Sherlock Holmes* movie also opens around the world at Christmas. This is a strong line up of films and continues into next year.

Village Roadshow Limited has provided a loan facility of up to US\$17.5 million in loan funds to allow VREG to start on an initial participation in the booming Chinese film production industry.

### Roadshow Film Distribution

In Film Distribution we are having a “banner” year with the continued strength of the mighty Warner Bros including the highly successful last *Harry Potter* film major independent films from throughout the world; and particularly, wonderful Australian films such as *Red Dog* (over \$20m at the box office!).

And in home entertainment Roadshow has successfully charted our way through the challenges to the DVD market and we see real growth in the new digital formats of direct internet streaming, etc.

### Village Cinemas

Business in a word is GREAT. And the Christmas line up of new films is very strong and again continues right through next year. The digital projection and conversion is in full swing and this will be a revolution with only positive impact on the whole industry’s economics and competitive power of the cinema medium.

In America our new Gold Class Cinema business has been re-designed, re-crafted and re-energised with a new dynamic successful American cinema partner. We remain very confident this new generation of super luxury cinemas will be a wonderful long term business for VRL.

### Theme Parks

Despite the horrible weather and floods over the past year in Queensland, we still produced our second best financial result in our history. Business is currently strong on the Gold Coast and with “kind” weather this will be another successful trading year.

On behalf of the Board I commend to all shareholders the quite extraordinary people that now energise this great company of yours, Village Roadshow. The Village Roadshow world was founded by Roc Kirby and his whole philosophy was about people, inspired people, at times brilliant but always totally dedicated and committed to our shared goal to create a great company.

Thank you