CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

FRIDAY 23 OCTOBER 2009

Ladies and Gentlemen,

It is a pleasure to welcome you to the State Theatre Building for this Annual General Meeting of shareholders and to present to you the financial statements for the Company and Group for the year ended 30 June 2009. These financial statements, together with other related reports and statements and the Managing Director's Review of Operations by Division, are contained within the Annual Report, which has been released to the market and forwarded to those shareholders who have requested it.

My comments on the year are contained within the Chairman's Review included within the Annual Report however I will take this opportunity to highlight certain Group matters relevant to this forum.

In reviewing the financial highlights it is pleasing to be able to report that the normalised result, being profit before individually significant items and discontinued operations was $71.0 million, an increase of 31% over the prior year. The result has benefited strongly from an uplift in the profit from both the international and domestic cinemas.

The Group's net profit for the year decreased by 30% to $69.5 million. The prior year's net profit benefited from various individually significant items totalling $42.7 million. The prior year result included a net profit of $38.0 million on the sale the Group's interest in Roadshow Distributors Pty Limited.

Given the financial turbulence of the last 18 months, the Board has been pleased with the performance of the year under review. The results for the 2009 financial year continue to demonstrate that your Company is a collection of sound businesses with a good management team that is ably led by the Managing Director.

As a result of the increase in normalised profit, the Board was able to approve a final dividend for the year of 21 cents per share which, when combined with the interim dividend, makes a total distribution of 32 cents per share and is an increase of 7% over the prior year's dividend and is the 8th consecutive year of increased total dividend. The Board strives to maintain a dividend policy that is mindful of the needs and expectations of shareholders, but which also endeavours to ensure the longer-term continuity of earnings for both shareholders and the Group.

The total net debt at 30 June 2009 was $56.7 million compared to $8.6 million at 30 June 2008 and the Group's financing facilities, excluding working capital components, is $230 million with maturity not until July 2012. The increase in net debt is directly attributable to the purchase of various assets. During the year the Group purchased property, plant and equipment totalling $114 million and the assets included the properties known as the Gold Coast International and Rydges Sayaba Port Douglas. Since 30 June 2009 the Group has made further strategic acquisitions involving outlays of approximately $46 million. The Managing Director will comment further regarding those acquisitions. We expect in the year ahead there will be further growth opportunities available for us to consider.

The Board continues to review, assess and monitor appropriate capital management initiatives and strategies. As shareholders are aware non-performing or non-core assets have, in recent years, been divested and an active capital management program implemented. The capital management initiatives have been implemented to maintain gearing to a level commensurate with the stability and certainty of cash flows while retaining the flexibility to make appropriate acquisitions and further investment in the business. The capital management program is managed within the context of maintaining a strong balance sheet and maximising total return to shareholders.

Last year I commented on the economic uncertainty and the impacts to the Group. The Group's track record demonstrates that we have a proven business model, a capable management team and a solid foundation on which to grow shareholder returns and future expansion. The Board carefully monitors domestic and international economic environments and, whilst the current uncertainty within the global economy continues to hold cause for concern, there is considerable comfort in acknowledging that the Group has businesses that continue to perform strongly.

Turning now to corporate governance matters, shareholders will note that the 2009 Corporate Governance Statement has been expanded from previous years to include a table of compliance, or otherwise, to the ASX's Corporate Governance Council's Principles and Recommendations. Pages 15 to 27 of the 2009 Annual Report sets out the corporate governance practices and procedures and should assist shareholders in understanding and appreciating the importance placed upon good corporate governance.

As mentioned in previous years, the only area of non-compliance is Recommendation 2.2, which states that the chair should be an independent director. The Recommendations suggest that where the chair is not independent it is beneficial to appoint a lead independent director. The Board's appointed lead independent director is Mr Tony Clark who was appointed such in July 2006. The lead independent director's role is to chair any meetings of the independent directors and to takeover the role of the chairman when the chairman is unable to act in that capacity as a result of the lack of independence.

From an overall corporate governance perspective, I am pleased to say that the Company has continued to meet all disclosure and regulatory requirements and I can assure shareholders that the Board, and Committees of the Board, remain committed to providing the highest possible standard of disclosure and maintaining best practice.

I would now like to comment on the structure of the Board.

Shareholders are aware that Ms Meredith Hellicar resigned from the Board in April 2009. I would like to take this opportunity to express our appreciation to Ms Hellicar for her significant contribution and counsel during her tenure as a director of the Company.

In July 2009 Mr Peter Coates joined the Board. Peter's appointment was recommended by the Nomination and Remuneration Committee and he has already contributed strongly to the Board. I am confident that his skills and energy will see an ongoing contribution to the future performance of the Group. I welcome Peter to the Board.

I would also like to extend my appreciation to Mr Tom Ford who retires from the Board today. Tom has been a director since 1993 and, during this tenure, Tom has brought relevant skills, experience and wise counsel and has made a valuable contribution to the Board. I would like to thank Tom for his efforts and wish him well with his future activities.

The Nomination and Remuneration Committee will be reviewing potential candidates for appointment as a director. The Committee will be making a recommendation to the Board in due course.

There have also been some changes at the executive level and the Managing Director will comment on those changes within his address.

Ladies and Gentlemen, as I have mentioned previously, the business segments in which the Group operates are at times volatile and always subject to varying degrees of change. Your Board and management continue to focus on optimising your Company's position so it can take advantage of appropriate opportunities as they arise.

I would now like to thank my co-directors for their efforts during the year and our 4,400 shareholders for their continued and on-going support. I also acknowledge the considerable efforts of the Managing Director and his unwavering commitment and dedication and also the executive team for their collective and personal efforts.

I will now ask Mr Seargeant to present his review of the operations of the Group. Thank you.

Alan Rydge
AHL Chairman

MANAGING DIRECTOR'S ADDRESS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

FRIDAY 23 OCTOBER 2009

Thanks Alan and good morning Ladies and Gentlemen,

I am pleased to report on our performance over the past year, a year in which we not only achieved a very solid result, but importantly, continued to lay further foundations for the future strength and growth of our Company.

Alan has already referred to the profit highlights, so I intend to focus on the divisional and operational aspects of the results.

In Exhibition, we grew our domestic box office by 12% over the prior year and this was driven primarily by the standout performance of *The Dark Knight*, which achieved in excess of $45 million at the Australian Box Office. *Australia*, *Mamma Mia!* and *Quantum of Solace*, all grossing over $30 million, and *Madagascar: Escape 2 Africa*, *Twilight*, *Hancock* and *Monsters v's Aliens* achieving in excess of $20 million.

We also expanded our 3D digital footprint capitalising on the increasing number of titles releasing in 3D. Over the 12 month period, 46 additional 3D digital systems were installed over the circuit taking the total number of systems to 53. This is the largest deployment of any exhibitor within Australia with the total set to exceed 100 screens by the time of the release of *Avatar* in December this year.

Merchandising revenue continued to grow with a 5.6% improvement in revenue per admission over the prior year. This growth was driven by a number of successful candy bar combo promotions and the ongoing success of our Gold Class concept. The increased box office and merchandising revenue along with effective control of operating costs, resulted in the Domestic Exhibition earnings for the period increasing over the prior year by $8.7 million or 25%.

In May 2009 we launched our new cinema brand, Event Cinemas. Event Cinemas is a new concept and features our premium cinema offering of Gold Class and/or Vmax and exciting new food and beverage facilities, including our Scoop Self Serve Candy Bar and Set Café and Bar.

During the year we also successfully launched our cinema loyalty program, Cinebuzz. Key benefits to members include rewards for frequency, invitations to special advance screenings and discounted ticket offers. Over 500,000 customers had joined the program by 30 June 2009.

A strong focus on corporate sales as well as the continued broadening of retail sales channels for our range of gift cards resulted in a 13.3% increase in the sales of these products.

Growth in online ticketing is continuing with the launch of mobile ticketing and overall we achieved some 27% growth in customers booking online.

New openings included an 11 screen cinema at the Robina Town Centre on Queensland's Gold Coast, replacing an existing six screen complex. This development is an Event Cinema and includes one Vmax and three Gold Class screens. We also converted six screens at the Castle Hill complex in Sydney's North-west creating our first stand alone Gold Class with five screens. In addition we closed our five screen cinema at Hindley Street in Adelaide, however, have retained ownership of the site, leasing the property to a commercial tenant. Our presence in the Adelaide market remains strong with refurbishment works to shortly commence on our Marion Megaplex.

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The contribution from our 50% interest in the Village managed circuit in Victoria increased by 54.0% over the prior year. This significant improvement was largely due to the strong movie line-up, the successful opening of a new nine screen cinema at Doncaster in October 2008 and the closure of the loss-making site at Waverley Gardens in the later part of the prior year.

Germany was the stand-out performer within the Group with an increase in profit before interest and tax of $11.6 million. Box office revenue increased over the prior year by 10.3%, with the top performing films for the year being *Madagascar: Escape 2 Africa*, *Angels & Demons*, *Quantum of Solace*, *Mamma Mia!*, *Hancock* and *The Dark Knight*. These films were well supported by a number of German productions. *The Reader*, a joint US and German production also performed strongly.

Merchandising revenue per admission increased by 3.7% over the prior year.

With our strong focus on the level of operating costs continuing the growth in revenue was fully maximised in terms of earnings.

During the period four non-profitable sites were closed. However several significant loss making sites remain under review, particularly our sites at Augsburg and Chemnitz.

3D capability has been rolled out to ten sites with a further 26 sites earmarked for 3D deployment prior to the end of this year.

The Middle East cinema business continued to show growth and traded very strongly. Box office was ahead of the prior year period by 14.7%. Merchandising revenue also grew to be up by 17.6% over the prior year.

The weakening of the Australian dollar against both the Euro and Dirham also contributed to an increase in contribution from our international cinema operations, particularly from October 2008 through to March 2009.

The result for the Group's owned hotels was generally pleasing given the severity of the impact of the global financial crisis on business travel and conference demand. In the hotel management company earnings were impacted by the failure to achieve profit based incentive fees in a number of our hotels under management.

The consolidated result for our hotel business was a profit before interest and tax of $24.5 million which represented a decline over the prior year of 20.5%.

In recognising the challenging trading conditions, the focus was on cost control and growing market share through increased levels of promotional activity. This resulted in significantly improved volume growth from the leisure market. However, this growth in leisure travel was not at a level sufficient to offset the decline in the corporate, conference and inbound segments.

The Rydges PriorityGUEST program has grown into a significant contributor to the Group's revenues with rooms booked through this program exceeding 245,000, an increase of some 50% over the prior year.

Bookings from rydges.com accounted for 17% of total rooms sold during the year with total rooms booked online now 28% of total rooms sold.

Following our acquisition of the Gold Coast International Hotel in October 2008 we gained three new hotels under management. Rydges Hideaway Resort Fiji, Rydges Brighton and Rydges Kalgoorlie. In addition a 380 room extension and major expansion of conference space was completed at Rydges Bell City in Melbourne, and an 80 room extension and a new ball room is currently under construction at Rydges Auckland.

A review of the carrying value of owned hotel properties as at 30 June 2009, resulted in impairment write-downs totalling $3 million in respect of two hotel properties. The impairment write-downs have been disclosed as individually significant items for the year ended 30 June 2009.

With the completion of Stage 4 of the enhancement and automation of our snowmaking system at Thredbo, we now offer an improved product over ski slopes of all skier levels from beginners, intermediate and advanced. Thredbo achieved over 390,000 skier days, which was the best result over the past five years and the third best ever recorded.

The favourable skiing conditions particularly in July and August 2008 helped Thredbo achieve a record financial result. Other positive earnings initiatives included the maximisation of yield-per-skier, increased marketing of the shoulder periods and effective management of operating costs.

Featherdale Wildlife Park earnings were slightly ahead of the prior year despite the continued weakness in the inbound tourist market. This weakness in the inbound market was largely offset by strong domestic market admissions, boosted by World Youth Day.

The State Theatre experienced significantly improved trading conditions compared to the prior year, driven by an increase in the number of concert performances.

I would now like to take this opportunity to comment on some of the significant transactions that occurred during the year and since the 30th of June 2009.

The development of a competitive advantage in food and beverage continues to be an essential element in all our growth plans for our cinemas, hotels and resorts and Thredbo. We believe that if we continue to be truly innovative and create new and exciting food and beverage experiences across all of our current and future brands, we can continue to drive a true competitive advantage and sustainable growth in market share.

We are currently undertaking a major refurbishment of the ground floor foyer restaurant and bar of Rydges Lakeside in Canberra and, following the completion of our exciting new Gold Class complex at Castle Hill, are currently undertaking a refurbishment of our cinema complex at Macquarie including Gold Class and the establishment of a café bar in the foyer. In addition we are looking to upgrade a number of our candy bars in our Event Cinemas to the new Scoop Alley Self Serve concept and establish vibrant new café bars in our foyers.

I have in previous years highlighted the need for technological innovation and this continues to be a foundation platform on which we also build our competitive advantage. We continue to drive the success of our online booking sites and loyalty programs, Rydges PriorityGuest and Cinebuzz.

As mentioned in the previous year we as a Company seek to build on our asset base and property holdings when suitable opportunities arise.

In addition to the purchase of the Gold Coast International Resort earlier in the year we announced, in May 2009, the acquisition of the Rydges Sabaya Resort, Port Douglas for a purchase price of $20.55 million. The Resort comprises 127 apartments and associated resort facilities. The 104 apartments acquired by the Group are a combination of one and two bedroom apartments. A further 23 apartments are held by private interests and were not part of the acquisition. Subsequent to the purchase we have acquired a parcel of land adjacent to the Resort for $2 million.

Since 30 June 2009, we have announced the acquisition of Rydges Gladstone and Rydges Townsville for a total purchase price of $34.2 million. Rydges Gladstone is a 95 room, 4-star hotel with associated conference facilities. Rydges Townsville is a 98 room, 4-star hotel with extensive conference facilities and additional retail tenancies. The purchase includes management letting rights to 12 two-bedroom self contained apartments located near Rydges Townsville. Both hotel properties, which have been managed by Rydges Hotels since 2007, are expected to continue to experience growth in demand from the mining sector.

The Group also acquired the leaseholds for the Beverly Hills and Cronulla cinema complexes for the total purchase price of $9.8 million. The six screen cinemas are located within Sydney's South-western and Southern suburbs on King Georges Road, Beverly Hills and Cronulla Street, Cronulla. The acquisition builds on the Group's domestic cinema circuit and improves our footprint within the Greater Sydney Region.

The redevelopment of appropriate existing owned property is continuing with a seven level commercial office development of the former cinema site at Mort Street, Canberra Civic expected to be completed in November this year. An agreement has been entered into for the long term lease of the building. This property will be held as an investment property. We anticipate that we will recognise a before tax development gain of approximately $8 million on revaluation of the property in the half year to 31 December 2009. No gain has been recognised for this property in the results for the first three months.

The sales of residential land from the sub-division of the former Bass Hill Drive-In site is progressing well with deposits taken for 22 of the 106 lots. No profit on the sale of the lots has been recognised in the first three months results as the profit will only be recognised once the civil works have progressed to a satisfactory stage of completion. The sale of lots is expected to occur over the next two years.

We are currently and will continue to evaluate appropriate acquisitions and development opportunities that will provide future earnings growth.

Turning now to the executive team, since the last Annual General Meeting, Mr Ross Entwistle resigned as Managing Director of Domestic Entertainment in February 2009. The responsibilities of this position have for now been absorbed by myself and the senior domestic exhibition executives.

For all that we have achieved this past year, to the senior executive team and all our valued employees, I would like to express my appreciation for their highly valued contribution.

Turning now to the current year and the results achieved for the first three months, I am pleased to report that the profit before tax was $42 million. There were no individually significant items to report. On a like-for-like basis, this represents an increase of 35% over the prior comparable period. The major driver of this lift in earnings was the performance of our cinema business in Germany which benefited from the absence of a major football championship over the summer and the very strong release slate of American and local German film product.

Earnings from our domestic circuit were also strong being up 16% on the prior year with the quarter featuring the major standout releases of *Harry Potter and the Half Blood Prince*, *Transformers: Revenge of the Fallen* and *Bruno*.

The result from our hotel business was encouraging with early signs of a strengthening in demand from the business travel and conference segments.

Thredbo, with a strong start to the 2009 season, experienced inconsistent conditions over August and September and this had a significant impact on the earnings comparison with the prior year record season.

With a degree of uncertainty still surrounding many of the world's major economies it remains difficult to comment with any high level of confidence on the outlook for the remainder of the year.

With a strong performance in the first quarter, a strong film line up, including a number of highly anticipated films such as *Avatar* and *New Moon* and some encouraging signs in the hotel sector we do believe however that we are well positioned to continue to meet the challenges this uncertainty presents.

Thank you. Your support and interest in attending this morning is appreciated.

David Seargeant
AHL Managing Director