

CORPORATE GOVERNANCE STATEMENT 2009

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the Principles of Good Corporate Governance and Recommendations issued by the Australian Securities Exchange ("ASX") Corporate Governance Council ("ASX Recommendations").

In ensuring the highest standards of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company.

Board of Directors – Role and Responsibilities

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company. It is also responsible for the overall corporate governance of the Company.

In particular, the functions and responsibilities of the Board include:

- Final approval of corporate strategy, annual budgets and performance objectives;
- Reviewing and ratifying of the risk management and internal control framework, codes of conduct and legal and other internal compliance programs;
- Approval and monitoring of significant capital expenditure, capital management, acquisitions and divestitures in excess of A\$10 million;
- Approval and monitoring of significant financial and other reporting;
- Appointment and removal of the Managing Director; and
- Monitoring compliance with corporate governance policies and assessing the appropriateness and adequacy of corporate governance policies and implementing changes or additions that are deemed fitting.

In fulfilling this responsibility, the Board is supported by a number of committees whose composition is reviewed periodically. All Board Committees provide recommendations to the Board however the Executive Committee has specific powers delegated to it by the Board. With the exception of the Executive Committee, all Committees shall comprise a majority of Independent Directors and shall be suitably resourced.

Board of Directors – Composition and Membership

The composition of the Board is determined in accordance with the following principles:

- The Board shall comprise at least six Directors with an appropriate balance of Executive, Independent and Shareholder Directors, the definitions of which are set out below.
 - Executive Director:* one in full time employment by the Company or a subsidiary within the Village Roadshow Group, either directly or through a consultancy;
 - Independent Director:* one who is not a substantial shareholder nor associated directly with a substantial shareholder, is non-executive and is not or has not been employed in an executive capacity nor principal of a material professional advisor or consultant within the last two years, is not a material supplier or customer, has no material contractual relationship other than as a director, is free from any interest or business or relationship which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company and who derives minimal or zero income (excluding Directors' Fees) from the Company compared to income from other sources;
 - Shareholder Director:* one with a prescribed direct, indirect or representative shareholding interest exceeding 5 percent of the total issued ordinary capital of the Company;
- The Board shall comprise Directors with an appropriate range of qualifications and specific industry expertise that will enable them to make a contribution to the deliberations of the Board.
- The Board shall meet at least six times per year. Meeting guidelines ensure that Directors are provided with all necessary information to participate fully in an informed discussion of all agenda items.
- Informal meetings of Independent Directors are held to discuss matters of mutual interest when necessary.

During the financial year the names of each Director, their respective role, appointment date and classification were:

<u>Name</u>	<u>Role</u>	<u>Appointed</u>	<u>Classification</u>
John R. Kirby	Chair	August 1988	Shareholder, Executive
Robert G. Kirby	Deputy Chair	July 2001	Shareholder, Executive
Graham W. Burke	Managing Director	September 1988	Shareholder, Executive
Peter M. Harvie	Executive Director	June 2000	Executive
D. Barry Reardon	Non-executive Director	March 1999	Independent
Peter D. Jonson	Non-executive Director	January 2001	Independent *
David J. Evans	Non-executive Director	January 2007	Independent
Robert Le Tet	Non-executive Director	April 2007	Independent

* Appointed Lead independent Director in November 2008.

The Company is currently considering the appointment of a further independent director to the Board.

The Company's constitution sets out the procedures to be followed regarding:

- the appointment, number and rotation of the Directors;
- the appointment of the Managing Director; and
- procedures for Directors' meetings, including voting.

Membership of the Board is the exclusive responsibility of the full Board of Directors, subject to the approval of the Company's shareholders in general meeting, based on recommendations from the Nomination Committee.

A formal Letter of Appointment is provided to incoming Directors together with such appropriate induction as may be required by the incoming Director.

All Directors have access to the Company Secretaries and are entitled to seek independent professional advice at the Company's expense, subject to the prior approval of the Chair, such approval not to be unreasonably withheld.

The Chair of the Company is determined by the Board of Directors, recognising the Company's ownership structure. This is at variance to ASX Recommendations. The Board is of the opinion that the executive roles of the Shareholder Directors (including the Chair) in the day to day operations of the Company adds value to the Company due to their material financial commitment and considerable experience in the Company's businesses. In accordance with good practice where the Chairman of the Board is not an independent Director, the Board of Directors considers it to be useful and appropriate to designate an Independent Non-Executive Director to serve in a lead capacity to coordinate the activities of the other Non-Executive Directors. Dr P.D. Jonson was appointed to this role in November 2008. With a balance of Independent Directors on the Board, the Company considers that there is adequate monitoring of the Executive Directors.

Audit & Risk Committee

The Company established an Audit Committee in 1991. In accordance with its Charter, all 3 members of the Audit & Risk Committee are Independent Directors with appropriate skills, expertise and experience. The Chair of the Committee is an Independent Director who is not the chair of the Board. The Audit & Risk Committee reports directly to the Board.

The role and responsibilities of the Audit & Risk Committee includes:

- Reviewing all external reporting (published financial statements including interim statements and year-end audited statements, preliminary announcement of results prior to publication) with management and the external auditors prior to their approval by the Board, focusing in particular on:
 - Significant changes in accounting policies and practices;
 - Major judgmental areas and significant audit adjustments;
 - Adequacy and reliability of financial information provided to shareholders; and
 - Compliance with statutory and ASX reporting requirements;
- Discussing any matters arising from the audit with the external auditor;
- Reviewing the nomination, performance, independence and competence of the external auditor - Ernst & Young was appointed on 12 April 1989 and since 2003 the audit partner is rotated every 5 years;

- Approving the Internal Audit plan bi-annually and assessing the performance of the internal audit function;
- Receiving reports from the Corporate Governance and Compliance Committee and assessing the adequacy and effectiveness of the financial internal control framework and risk management procedures; and
- Discussing the scope and effectiveness of the audit with the external auditor.

The Managing Director and Chief Financial Officer provide written representations to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

During the financial year the Audit & Risk Committee comprised the following members with their respective appointment dates:

<u>Name</u>	<u>Appointed</u>	<u>Role</u>
Robert Le Tet	April 2007	Independent Director, Chair from May 2008
D. Barry Reardon	May 2008	Independent Director
Peter D. Jonson	February 2001	Independent Director

The Audit & Risk Committee meets at least twice per year and the minutes of the Committee are provided to all Directors of the Company.

The Committee invites the audit partner to its meetings and senior Company executives as required. In addition the Committee meets at least twice a year with the external auditor without management being present and the auditor is provided with the opportunity, at their request, to meet the Board of Directors without management being present.

Nomination Committee

The Company established a Nomination Committee in 1998. Prior to this, membership of and nominations to the Board had been the exclusive responsibility of the Board. In accordance with its Charter, the three members of the Nomination Committee include the Chair of the Company and comprise a majority of Independent Directors.

The role of the Nomination Committee is to monitor the composition of the Board in light of corporate governance best practice, and to periodically make recommendations to the full Board.

The responsibilities of the Nomination Committee include recommending new nominees to the Board, taking into account the required skill set, relevant industry expertise and experience of potential candidates to complement that of existing Board members. Consideration is also given to the size and shareholder structure of the Company such that an incoming director would be able to make an overall positive contribution to the deliberations of the Board without adversely impacting on efficient decision making by the Board as a whole.

During the financial year the Nomination Committee comprised the following members with their respective appointment dates:

<u>Name</u>	<u>Appointed</u>	<u>Role</u>
John R. Kirby	June 2006	Chair, Executive Director
Robert Le Tet	May 2008	Independent Director
David J. Evans	July 2007	Independent Director

The Nomination Committee meets at least annually and the Board is appraised by the Chair as appropriate on any relevant developments. The Board has recognised that based on its size and composition, a formal committee structure and procedures may not be optimal, and accordingly, the Nomination Committee may meet informally, on a 'needs' basis as and when a suitable candidate may be available for nomination.

Given the Company's ownership structure and the composition of the Board, the assessment of the Board's overall performance and its own succession plan is conducted informally by the Chair and Directors on an ad hoc basis. Whilst this is at variance to ASX Recommendations, for the financial year ended June 2009, the Directors consider that an appropriate and adequate evaluation of Directors has been implemented.

Executive Committee

In 1990 the Board established an Executive Committee which monitors and reports on the major risks affecting each business segment and develops, subject to approval of the full Board, strategies to mitigate these risks. The Executive Committee deals with all other matters apart from those matters specifically reserved for the Board, or its Audit & Risk Committee, Nomination Committee and Remuneration Committee.

The key functions and responsibilities of this Executive Committee include:

- Development of the strategic plan which encompasses the Company's vision, mission and strategy statements and stakeholders' needs;
- Implementation of operating plans and budgets by management and monitoring progress against budget as well as monitoring all significant areas of the business;
- Approval and monitoring of capital expenditure, capital management, acquisitions and divestitures, and approval of contracts up to A\$10 million;
- Establishment of committees to monitor and report on all aspects of risk management including environmental issues and health and safety matters;
- Review cash flow projections and gearing;
- Treasury responsibility including advising the Board on liquidity, currency and interest rate risk and credit policies; and
- Review the Company's code of conduct and corporate governance compliance.

The Management of the Company's various business segments annually bring to the Executive Committee detailed budget proposals for consideration, the final consolidated version of which is submitted to the full Board of Directors each year.

The Executive Committee and various Divisional Boards of the Company's subsidiaries and associated entities derive their mandate and operate in accordance with the Group's formal Delegation of Authority documents. The Delegation of Authority documents are reviewed and updated on an annual basis, with major changes approved by the Board.

During the year the Executive Committee formed two working sub-committees, the Business Committee concerned with legal, governance and financial matters, and the Management Committee concerned with operational and personnel issues.

During the financial year the members of the Executive Committee were:

<u>Name</u>		<u>Business Committee</u>	<u>Management Committee</u>
Graham W. Burke	Chair	✓	✓
John R. Kirby		✓	✓
Robert G. Kirby		✓	✓
Peter M. Harvie			
Peter E. Foo	Resigned June 2009		
Philip S. Leggo		✓	
Julie E. Raffe		✓	✓
Simon T. Phillipson		✓	
Tony N. Pane	Resigned December 2008		
Timothy Carroll			✓
Peter J. Davey			
David Kindlen			

Remuneration Committee

The Company established a Remuneration Committee in April 1994. The Committee's Charter provides for the review of compensation of the Company's Executive Directors, including any equity participation by such Executive Directors.

The Committee comprises three Directors, the majority of whom are Independent Directors. The Committee invites senior management to meetings when requiring input on management and divisional performance.

The Committee is responsible for determining and reviewing compensation arrangements for the Company's Executive Directors and senior managers with the overall objective of motivating and appropriately rewarding performance. The recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team.

The compensation arrangements of the separately listed entity, Austereo Group Limited and, from February 2008, of Village Roadshow Entertainment Group (BVI) Limited, are determined by those entities' Remuneration Committees.

The Chair, Deputy Chair and Managing Director are responsible for recommending the compensation arrangements for senior divisional and corporate executives using similar criteria.

The Remuneration Committee is responsible for the compensation overview for all senior executives and is kept informed of any major amendments to the remuneration arrangements of senior divisional and corporate executives, as recommended by the Executive Directors. This includes any proposed equity allotments or shadow equity plans, significant profit share arrangements or substantial bonus payments.

The Company and the Committee periodically obtain independent advice from external consultants and utilise benchmarks from comparable organisations.

At the commencement of each year the Executive Directors will submit a business plan for the forthcoming year to the Remuneration Committee for review and adoption. This will be the basis of reviewing performance at the end of the year.

All Executive Directors and senior executives have the opportunity to participate in the Company's bonus scheme where specified criteria are met based on achievement of key individual executive performance criteria and Company performance in relation to profitability, cash flow, share price growth and other performance indicators.

The Company considers that the remuneration paid to Directors and senior executives is reasonable and fair having regard to comparable companies and the performance and responsibilities of each respective Director and senior executive.

When there is a material or significant variation in the contractual or compensation arrangements of the Company's Executive Directors, as appropriate, this is promptly disclosed to ASX under the Company's continuous disclosure policy.

The Committee meets at least twice per year.

During the financial year the Remuneration Committee comprised the following members with their respective appointment dates:

<u>Name</u>	<u>Appointed</u>	<u>Role</u>
Peter D. Jonson	July 2007	Chair, Independent Director
D. Barry Reardon	August 1999	Independent Director
Graham W. Burke	April 2000	Managing Director.

Mr. Burke absents himself from any meeting of the Committee where his own remuneration is to be discussed.

The total cash remuneration of Independent Directors (being Directors' Fees paid to anyone not in an Executive capacity), is distinguished from that of Executive Directors and is approved in aggregate by shareholders in general meeting from time to time. During the year Independent Directors received \$80,000 per annum plus \$20,000 per annum for each Board Committee on which they served, payable quarterly in arrears other than for the Nomination Committee whose members are paid \$10,000 per annum. However Board Committee Chairs are paid an additional \$10,000 per annum and the Lead Independent Director an additional \$30,000 per annum in recognition of their increased workload. In addition Independent Directors may receive additional fees for serving on Boards of subsidiary companies.

The Company does not have and never has had a retirement benefit scheme for Non-executive Directors, other than their individual statutory superannuation benefits which are included as part of their total Director's Fee remuneration.

In addition, the Company encourages Executive and Non-executive Directors to hold shares in the Company. Subject to any necessary approvals as may be required by law or ASX Listing Rules, Directors may be invited from time to time to participate in share and option plans offered by the Company.

The various share and option entitlements of all Directors and any changes to those holdings are advised to ASX in accordance with the Listing Rules and *Corporations Act 2001* requirements and are set out in the Directors' Report.

Shareholder Meetings and Communication

The Company's constitution sets out the procedures to be followed regarding:

- The convening of meetings;
- The form and requirements of the notice;
- Chair and quorums;
- Voting procedures, proxies, representatives and polls.

Notices of meetings of shareholders will comply with all legal requirements and current best practice guidelines and the format of resolutions will be clear, concise and in plain English. Distinctly separate issues will be presented in separate motions and only combined into one resolution where the subject matter requires it to be so presented.

The format of proxies will be such that shareholders will be able to clearly indicate their voting intentions and full directions for the completion of proxies will be contained on both the proxy form itself and in the notice of meeting, including any relevant voting exclusion statements.

The Directors believe that, in accordance with the Company's constitution, voting by shareholders should be determined firstly on a show of hands by those present at the meeting and by poll where requested by shareholders or by the Chair. The constitution sets out the circumstances in which a poll may be called by the Chair or by shareholders whether present in person or by proxy or by representative.

The Chair of meetings of shareholders shall allow a reasonable opportunity for shareholders to ask questions on those matters on the agenda that are before shareholders for consideration and to enable informed participation and voting by shareholders in the meeting.

In addition, the external auditor shall attend the Company's annual general meeting and be available to answer questions about the conduct of the audit and the auditor's report on the Company's financial statements. This will include any written questions forwarded to the Company more than one week prior to the meeting.

The Company established a corporate website at www.villageroadshow.com.au in 1999 which contains relevant information for shareholders about the Company, its operations, corporate profile and structure. From July 2004, other supporting information has been provided including comparisons to the ASX Recommendations in a clearly marked corporate governance section. In addition shareholders can email queries to the Company through the website, or by facsimile, by mail or by telephone.

The Company is supportive of developments by the share registry industry to facilitate the option of electronic communication with shareholders, and since 2007 has placed the Company's annual report on its website as a principle distribution method to shareholders, affording them the option of receiving a printed copy should they so request one.

Continuous Disclosure

The Directors ensure that the market is fully informed on a timely basis of all material, price-sensitive information regarding the Company. In support of this objective, the Company has procedures in place to ensure that it meets its reporting and continuous disclosure obligations.

In this regard, the Company supports ASX Recommendations and Australian Securities and Investment Commission's "Better Disclosure for Investors" guidance principles and believes its practices are consistent with these guidance principles.

The Company Secretaries are the Company's nominated Communications Officers for liaising with ASX and are responsible for ensuring the Company's compliance with its legal and ASX reporting and disclosure obligations.

No communication is permitted to any external third party about an announcement until confirmation that the communication has been released to the market has been received from ASX. Once confirmation has been received, the Company provides a copy of its release on its corporate website as soon as possible.

Communication by the Company with external parties is the responsibility of a limited number of authorised spokespersons to ensure the consistency of information provided and to safeguard against inadvertent disclosure of price-sensitive information. All communications are monitored by the Communication Officers to ensure that no material information has been inadvertently released.

In particular, the Communications Officers ensure that no price-sensitive information is provided in discussions with broking analysts, investors or to the media unless it has first been released through ASX.

Corporate Code of Conduct

The Board of Directors insist on the highest ethical standards from all officers and employees of the Company and are vigilant to ensure appropriate corporate professional conduct at all times.

Standards setting out the Company's Code of Conduct by which Employees are expected to act are contained in the Employee Guide and formal contracts and letters of employment. They include:

- Insider trading and employee security trading;
- Conflicts of interest;
- Use of market power and pricing practices;
- Confidentiality and Privacy Policy;
- Compliance with Laws and Regulations;
- Employment practices including Occupational Health & Safety; and
- Guest safety and maintenance, quality and safety of goods and services.

All Directors and managers have an obligation to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company does not pay fines and penalties of a personal nature for Directors or employees.

All purchases of major consumables are obtained by all business segments of the Company by a periodic competitive tendering process.

Certain inter-company arrangements have been entered into between the Company and Austereo Group Limited ("Austereo"). Historically the Company and Austereo have maintained various financial and administrative arrangements and have regularly engaged in transactions with each other and their respective affiliates. This relationship is governed by the Intercompany Agreement dated 19 January 2001 between the Company and Austereo. The Intercompany Agreement specifically states that it is the intention of both parties that the relationship between them and their respective affiliates prior to Austereo's listing on ASX will continue on the same basis while the Company continues to hold a controlling interest in Austereo.

The Intercompany Agreement requires each party to make services available to the other, either without charge, on a reduced cost basis or on a recharge basis, depending on how such services were provided prior to listing. Where costs are to be recharged, the charge is to be determined in accordance with established accounting principles, and failing agreement, the dispute will be referred to an independent person appointed by the President of the Law Institute of Victoria whose decision shall be final in determining the quantum of costs to be allocated.

In respect of the Intercompany Agreement and all other matters between the Company and Austereo, the Directors will be required to comply with the requirements of the Company's constitution and the *Corporations Act 2001* governing any conflicts of interest that may arise. An example of this has been the adoption of appropriate internal procedures during any on-market buy-back of shares by Austereo in which the Company may participate.

Securities Trading Policy

All Directors have a written contractual obligation to the Company to immediately advise the Company of all changes to their interests in shares, options and debentures, if any, in the Company and its associates for the timely reporting of any changes to ASX by the Company Secretaries.

In addition to all Directors of the Company, all members of the Executive Committee and other key corporate and divisional executives of the Village Roadshow group who are involved in material transactions concerning the Company are included in the definition of "Designated Officers". These Designated Officers are precluded from dealing in securities of the Company during the periods one month prior to the release dates of the half year profit announcement and prior to the release of the full financial year end profit announcement.

Outside of those periods, no Designated Officers may deal in securities of the Company when in possession of any information which, if made publicly available, could reasonably be expected to materially affect the price of the Company's securities, whether upwards or downwards. Except for Directors of the Company, prior written approval must be obtained from the Company Secretaries by any Designated Officer who wishes to deal in the Company's securities and legal advice will be obtained by the Company Secretaries on behalf of the Designated Officer in circumstances where any doubt exists.

All Directors of the Company, and of the Village Roadshow group of companies including Austereo ('the Group'), are required to provide a standing notice, updated as appropriate, giving details of the nature and extent of their 'material personal interests' in the affairs of the Company and Group upon appointment as a Director. All notices are tabled and recorded in the minutes of each meeting of Directors and entered into a register which is open for inspection by all Directors and is available to all future incoming directors.

Risk Management

The Board is responsible for the approval and review of the group's risk management and internal controls framework and policies in accordance with its Group Risk Management policy. However management of risk and the implementation of appropriate controls to mitigate such risks is the responsibility of management.

To assist the Board in discharging its responsibilities in relation to risk management, the Board has delegated the recognition and management of risk to the Audit & Risk Committee in accordance with its Charter.

The Company's formal Risk Management Methodology incorporates a holistic and structured approach to the identification and mitigation of business risks by key business units. This standardised risk approach covers strategic, operational, compliance and financial risks of each strategic business units and accountability for managing such key risks rests with the CEO and CFO of each business unit, including Corporate Head Office. In accordance with the Risk Management Methodology, which was adopted by the (then) Audit Committee in 1998, formal risk assessments are conducted twice a year, with reporting to the Audit & Risk Committee on major risks and action plans.

This includes reporting on all material financial and non-financial risks across all business units. Detailed sign-offs by key process owners and internal control management questionnaires are completed by all business units bi-annually as part of the Company's full-year and half-year financial reporting procedures.

The Company is committed to corporate environmental sustainability and corporate social responsibility as part of the Company's business objectives and operating philosophy. The Company will be reporting in late 2010 under the *National Greenhouse and Energy Reporting Act*.

The Company's financial structure includes a number of covenants to various lenders, requiring a structured level of monitoring and management to ensure compliance. The Company's Treasury Risk Policy articulates the recognition, measurement and management of interest rate risks, foreign exchange exposures, hedging, credit risk, liquidity levels and monitoring of economic and financial conditions. The parameters of the all policies, including the Treasury Risk Management Policy, are periodically reviewed by the Audit & Risk Committee to ensure they remain appropriate and address current issues.

The Company's Group Internal Audit function, which is totally independent of all operating business units, performs regular reviews on significant areas of risk within business units to ensure that the internal control framework is adequate and remains effective. In addition, reviews by Internal Audit also monitor internal compliance with policies adopted by the Board including compliance with the relevant Delegation of Authority policy documents to provide assurance that the policies adopted by the Board are implemented.

The Internal Audit Plan, agreed with management, is approved six monthly at Audit & Risk Committee meetings. A summary of major audit findings, and control weaknesses not adequately addressed by management, is reported directly to the Audit & Risk Committee. In addition independent external reviews are conducted on specialist areas on a regular basis in key businesses within the Company.

In July 2003 the Company established a Corporate Governance and Compliance Committee to monitor the implementation and effectiveness of sound governance policies and procedures across the Group in line with ASX Recommendations. Such policies and procedures include the risk management and internal controls framework, the code of conduct and the compliance process adopted by management. This Committee is supported by various divisional Corporate Governance and Compliance Committees with divisional management having on-going day-to-day control of business unit risks and the implementation of the necessary action plans. These divisional Corporate Governance and Compliance Committees report at least bi-annually on their divisional risk management, compliance programs and governance processes appropriately tailored to their specific industries, to address and ensure effective management of all relevant matters.

The responsibilities of the Committee include the formulation of annual Compliance Programs and the co-ordination and monitoring of such programs to ensure timely implementation and review of action plans. The Committee reports at least bi-annually on all material aspects of such risk and compliance programs to the Audit & Risk Committee and in writing to the Managing Director and Chief Financial Officer on the appropriateness and effectiveness of these programs.

During the financial year the members of this Committee were:

Philip S. Leggo (Chair)	Simon T. Phillipson	Shaun L. Driscoll
Julie E. Raffe	Lee H. Ewe	Peter E. Foo (to June 2009)
Peter A Harris (from June 2009)		

The Board also receives bi-annually a signed, written statement from the Managing Director and Chief Financial Officer that the financial statements give a true and fair view, in all material respects, of the Company's financial condition and that its operational results are in accordance with accounting standards, that this statement is based on a sound system of risk management and internal compliance and control which implement the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.