

Directors' Report

Your Directors submit their report for the year ended 30 June 1999.

Directors

The names of the Directors of the Company in office during the financial year and until the date of this report are:

Directors:

John R KIRBY (Chairman)	William J CONN
Robert G KIRBY	P Terence JACKMAN
Graham W BURKE	Lord PUTTNAM
Peter E FOO	Peter A ZIEGLER

Alan G RYDGE (resigned 2 November 1998)

Lord HOLLICK (resigned 17 December 1998)

John A O'NEILL (resigned 11 February 1999)

Charles R STERN (appointed 17 December 1998)

D Barry REARDON (appointed 24 March 1999)

Alternate Directors:

Bruce J YAHL (for Alan G RYDGE—resigned 2 November 1998)

Roger LAUGHTON (for Lord HOLLICK—resigned 17 December 1998)

Charles R GREGSON (for Charles R STERN—appointed 17 December 1998)

The qualifications, experience and special responsibilities of the Directors are disclosed on pages 14 and 15 of the Annual Report.

Directors' relevant interests in shares and options of the Company and related bodies corporate as at the date of this report were as follows:

John R Kirby

1,941,734	Ordinary shares in Village Roadshow Corporation Limited
1,467	Preference shares in Village Roadshow Corporation Limited
111,819,817	Ordinary shares in Village Roadshow Limited
6,906	A Class Preference shares in Village Roadshow Limited

Robert G Kirby

1,936,294	Ordinary shares in Village Roadshow Corporation Limited
1,167	Preference shares in Village Roadshow Corporation Limited
111,820,817	Ordinary shares in Village Roadshow Limited
254,573	A Class Preference shares in Village Roadshow Limited

Graham W Burke

54,972	Ordinary shares in Village Roadshow Corporation Limited
1,746	Preference shares in Village Roadshow Corporation Limited
815,400	A Class Preference shares in Village Roadshow Limited

Peter A Ziegler

57,200	A Class Preference shares in Village Roadshow Limited
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P Terence Jackman

2,447,650	Ordinary shares in Village Roadshow Limited
525,309	A Class Preference shares in Village Roadshow Limited
64,350	Options over Ordinary shares in Village Roadshow Limited (exercisable on 7 December 1999 at \$3.06)

William J Conn

191,563	Ordinary shares in Village Roadshow Limited
1,191,172	A Class Preference shares in Village Roadshow Limited
64,350	Options over Ordinary shares in Village Roadshow Limited (exercisable on 7 December 1999 at \$3.06)

Lord Puttnam

136,168	Ordinary shares in Village Roadshow Limited
66,127	A Class Preference shares in Village Roadshow Limited
64,350	Options over Ordinary shares in Village Roadshow Limited (exercisable on 7 December 1999 at \$3.06)

Principal Activities

The principal activities of the Economic Entity during the financial year were:

- Cinema Exhibition
- FM Radio Operations
- Film Production
- Theme Park and Resort Operations
- Film and Video Distribution
- Leisure Centre Operations

There have been no significant changes in the nature of those activities during the year.

Review of Operations and Results

Operating profit before abnormal items and income tax was \$80.6 million for the year, which was in line with the previous year's comparable result. Abnormal losses before income tax of \$65.4 million were booked, relating to the rationalisation and restructuring of the Group's business interests and the write-off of various development costs.

After minorities of \$5.8 million, the net profit attributable to members of the Company was \$27.2 million, a reduction of 61% compared to the previous year's result. Consolidated sales revenue increased by 40% to \$617.3 million.

Dividends

The Directors recommend payment of an unfranked dividend of 10 cents per fully paid Ordinary share and an unfranked dividend of 13 cents per fully paid A Class Preference share.

Since the commencement of the financial year, unfranked dividends of \$48.5 million (10 cents per Ordinary share and 13 cents per A Class Preference share) were paid in accordance with the recommendation of the Directors in the previous report.

Earnings per Share

Basic earnings per share were (0.13) cents (1998 19.41 cents) and before abnormal items, basic earnings per share were 20.44 cents (1998 18.57 cents). Diluted earnings per share were not materially different to basic earnings per share.

Significant Changes in State of Affairs

Total Shareholders' Equity of the Economic Entity increased by \$79.0 million to \$1,017.2 million during the year. This increase was attributable to a decrease in retained earnings of \$23.9 million, an increase in share capital of \$50.1 million (arising from Executive Share Plan issues, issues upon exercise of options, Dividend Reinvestment Plan issues and the conversion of convertible notes), an increase in reserves of \$1.2 million, and an increase in outside equity interests of \$51.6 million. The acquisition of the Golden Harvest Entertainment (Holdings) Limited group (including Dartina Development Limited group and City Entertainment Corporation Ltd.) and Village Roadshow Exhibition GmbH & Co during the year added \$79.2 million in net assets to the Group.

Events Subsequent to Reporting Date

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the Economic Entity since the end of the financial year.

Subsequent to balance date, to restore the free float and enable the relisting of Golden Harvest Entertainment (Holdings) Limited, the Economic Entity sold 35 million and 6.9 million Golden Harvest Entertainment (Holdings) Limited shares on 27 July and 9 August 1999 respectively at HK\$0.60 per share. Together with a capital increase by Golden Harvest, the Economic Entity's investment has been reduced from 41.15% to its present 34.76%.

Directors' Report

Likely Developments and Expected Results

It is anticipated that the continued international expansion of the Economic Entity's cinema interests will be reflected in the future growth of operating profit before tax.

Share Options

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 18 of the financial report. Details of share and option transactions in relation to Directors of the Economic Entity are set out in Note 31(d) of the financial report.

Indemnifying and Insurance of Officers and Auditors

Since the commencement of the financial year, the Company has not, in respect of any person who is or has been an officer or auditor of the Company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the Company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an un-allocated group insurance premium of \$263,340 (1998 \$262,305) which has been paid to insure each of the Directors and secretaries of the Company against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the Company or related body corporate, other than conduct involving wilful breach of duty.

Corporate Governance Statement

The statement set out on pages 26 to 28 of the Annual Report summarises the Company's key corporate governance practices that were in place during the financial year.

Directors' and Executive Officers' Emoluments

The Remuneration Committee of the Board of Directors is responsible for determining compensation arrangements for the Directors and reviewing compensation arrangements for senior executives. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the attraction and retention of a high quality Board and executive team.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' and senior executives' emoluments to the Company's financial and operational performance. All senior executives have the opportunity to participate in the Company's bonus scheme where specified criteria are met including criteria relating to profitability, cash flow, share price growth and other performance indicators.

Directors' Report

Directors' and Executive Officers' Emoluments (continued)

The income paid or payable, or otherwise made available in respect of the financial year to all Directors of Village Roadshow Limited, directly or indirectly, from the entity or any related party was as follows:

Name	\$ Salary/Fees	\$ Bonus	\$ Non-Cash		\$ Total
			\$ Superannuation	Benefits	
John R Kirby*	1,382,612	700,600	70,000	116,452	2,269,664
Robert G Kirby*	1,425,000	700,600	25,000	61,954	2,212,554
Graham W Burke*	1,380,000	700,600	70,000	65,224	2,215,824
Peter E Foo	405,365	450,000	14,582	28,713	898,660
Peter A Ziegler	3,101,805	—	—	—	3,101,805
William J Conn	128,972	—	9,028	—	138,000
P Terence Jackman	118,000	—	—	—	118,000
Charles R Stern	38,000	—	—	—	38,000
Lord Hollick	30,000	—	—	—	30,000
Lord Puttnam	60,000	—	—	—	60,000
D Barry Reardon	38,000	—	—	—	38,000
John A O'Neill	56,075	—	3,925	—	60,000
Alan G Rydge	50,000	—	—	—	50,000
Roger Laughton (alternate)	—	—	—	—	—
Bruce J Yahl (alternate)	—	—	—	—	—
Charles R Gregson (alternate)	—	—	—	—	—

* 1999 amounts include bonus for 1998. The bonus payable in 2000 relating to 1999 will be considerably less than the bonus paid in 1999.

The income paid or payable, or otherwise made available in respect of the financial year, to the 5 most highly paid executive officers of the Village Roadshow Limited Economic Entity, directly or indirectly, from the entity or any related party was as follows:

Name	\$ Salary/Fees	\$ Bonus	\$ Non-Cash		\$ Total
			\$ Superannuation	Benefits	
Peter A Ziegler	3,101,805	—	—	—	3,101,805
John R Kirby*	1,382,612	700,600	70,000	116,452	2,269,664
Graham W Burke*	1,380,000	700,600	70,000	65,224	2,215,824
Robert G Kirby*	1,425,000	700,600	25,000	61,954	2,212,554
Brad C March	892,079	—	25,578	21,160	938,817

* 1999 amounts include bonus for 1998. The bonus payable in 2000 relating to 1999 will be considerably less than the bonus paid in 1999.

In the opinion of Directors, remuneration paid to Directors and senior executives is considered reasonable and fair having regard to comparable companies and the performance and responsibilities of each respective Director and senior executive. The various share and option interests of all Directors of the Company are set out earlier in this Directors' Report.

Directors' Report

Directors' Meetings

The following statement sets out the attendance of Directors at formal Directors' meetings and committee of Directors' meetings held during the period the Director held office:

Name of Director	Number of Meetings Held While in Office					Number of Meetings Attended				
	Formal	Audit	Taxation	Remuneration	Nomination	Formal	Audit	Taxation	Remuneration	Nomination
John R Kirby	9	-	-	-	3	9	-	-	-	3
Robert G Kirby	9	-	-	-	-	8	-	-	-	-
Graham W Burke	9	-	-	-	-	9	-	-	-	-
Peter E Foo	9	-	-	-	-	8	-	-	-	-
Peter A Ziegler	9	-	3	-	-	8	-	3	-	-
P Terence Jackman	9	2	-	7	2	9	2	-	7	2
William J Conn	9	2	3	7	3	9	2	2	7	3
Lord Puttnam	9	-	-	-	-	3	-	-	-	-
Alan G Rydge	4	-	-	-	-	4	-	-	-	-
Lord Hollick	5	-	-	-	-	1	-	-	-	-
John A O'Neill	6	1	1	-	1	5	-	-	-	1
D Barry Reardon	2	-	-	-	-	1	-	-	-	-
Charles R Stern	4	1	1	-	-	2	-	1	-	-
Bruce J Yahl (alt)	-	-	-	-	-	-	-	-	-	-
Roger Laughton (alt)	5	-	-	-	-	1	-	-	-	-
Charles R Gregson (alt)	4	-	-	-	-	1	-	-	-	-

Informal procedural meetings attended by a minimum quorum of 3 Directors to facilitate document execution and incidental matters, are not included in determining the number of Directors' meetings held.

Rounding

The amounts contained in this report and in the financial statements have been rounded-off under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors at Melbourne this 22nd day of September 1999.

Signed
G W Burke
Director

Board of Directors

John R Kirby

Chairman, Village Roadshow Limited. Bachelor of Economics (University of Tasmania). Certified Practising Accountant. Joined Village Roadshow 1971. Formerly Chairman, Village Roadshow Corporation Limited (1994-98), the Company's major shareholder. Formerly Chairman, Village Roadshow Limited (1990-94).

(Member: Executive Committee, Nomination Committee)

Robert G Kirby

Deputy Chairman, Village Roadshow Limited. Bachelor of Commerce (University of Melbourne). Joined Village Roadshow in 1972. Pioneered home video industry in Australia and founded Roadshow Entertainment in 1981. Responsible for introduction and development of multi-screen cinemas in Australia, Asia and Europe. Previously Chairman, Village Roadshow Limited (1994-98). Responsible for all internet and group IT activities.

(Member: Executive Committee)

Graham W Burke

Managing Director, Village Roadshow Limited. Attended University of Melbourne. Joined Village Roadshow in 1960. Founded Roadshow Distributors with Roc Kirby in 1968. Four years as original commissioner of Australian Film Commission. Member Victorian Arts Centre Trust Board (1996-1999). Founded Warner Bros. Movie World with Warner Bros. and managed takeover of Sea World. Founding Director, 2DayFM.

(Member: Executive Committee)



Left to right: John Kirby, Robert Kirby, Graham Burke

Peter E Foo

Finance Director, Village Roadshow Limited. Bachelor of Economics (La Trobe University). Joined Village Roadshow in 1978 and has 21 years experience in the management and finance of all facets of the Group. Director, Austereo Pty Ltd and all Village Roadshow's subsidiaries.

(Member: Executive Committee)

Peter A Ziegler

Executive Director, Village Roadshow Limited. Bachelor of Commerce (Hons), Bachelor of Law (Hons) and Master of Financial Management (University of Queensland), ACA, FCPA, Barrister and Solicitor of High Court of Australia, previously a Partner with Ernst & Young. Joined Village Roadshow in 1993, and has responsibility for the formulation and implementation of strategies for the Group with emphasis on the film production and exhibition divisions.

(Member: Executive Committee, Taxation Committee)



Left to right: Peter Foo, Peter Ziegler, Bill Conn, Terry Jackman, Lord Puttnam, Charles Stern, Barry Reardon

William J Conn

Spent over 30 years in investment banking. Director, Austereo Pty Ltd. Chairman, the Grand Hotel Group Ltd, Vice-Chairman of the Women's and Children's Healthcare Network of Victoria. Director, The King Island Company Ltd and an Advisor to Merrill Lynch International (Australia) Ltd.

(Member: Audit Committee, Nomination Committee, Taxation Committee, Remuneration Committee)

P Terence Jackman

Chairman and Proprietor, Pacific Cinemas Pty Ltd, operators of multiplex cinemas in Sydney and Queensland. Former CEO, Birch, Carroll & Coyle Ltd, and Hoyts Theatres Ltd and involved in the construction of Warner Roadshow Movie World Studios. Chairman, Sea World Management Limited, (the manager of the listed Sea World Property Trust). Director, Prime Television Limited. Founding Director, Queensland Film Commission, and Chairman, IndyCar Australia. Appointed in 1998 by the Queensland Government as Chairman, Queensland Tourism.

(Member: Audit Committee, Remuneration Committee, Nomination Committee)



Lord Puttnam CBE

Chairman, Enigma Productions Ltd. Independent film producer since 1971. Chairman and Chief Executive, Columbia Pictures (1986-88). Chairman, National Film and Television School (1987-96). Chairman, Spectrum Strategy Consultants. Director, Anglia Television Group. Chancellor, University of Sunderland. Trustee, The Science Museum. Chairman, The National Museum of Photography, Film and Television. Chairman, National Endowment for Science, Technology and the Arts.

Charles R Stern

Finance Director, United News & Media plc, the international media and information group with interests in television: Anglia Television, Meridian Broadcasting and Channel 5; and newspapers: *The Express*, *The Star* and *Miller Freeman* - the largest trade show and trade magazine company in the world.

(Member: Audit Committee, Taxation Committee)



D Barry Reardon

Over 30 years in the motion picture business. Executive Vice President and Assistant to the President, Paramount Pictures. Executive Vice President, General Cinema Theatres and President, Warner Bros. Distribution (1978-99). Bachelor of Arts, Holy Cross College and MBA, Trinity College. Serves on the boards of various United States companies and organisations.

(Member: Remuneration Committee)

Charles R Gregson

(not pictured)
Alternate Director for Charles Stern. Board Member of United News & Media plc since 1996. Chief Executive, business information division, United News & Media plc. Joined MAI plc as group solicitor in 1974 and became a director in 1984. Responsible for MAI's money and securities broking division following its demerger in November 1998. Executive chairman of Garban plc. Non-executive Director of Provident Financial plc.

Corporate Governance

The following statement summarises the Company's key corporate governance practices that were in place during the financial year.

Support for Corporate Governance Principles

The Directors support and have regard to best practice guidelines in corporate governance. In supporting those principles, the Directors recognise the need for the highest standards of ethical behaviour and accountability.

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

In fulfilling this responsibility, the Board is supported by a number of committees. These committees, set out below, assist the Board by reviewing and monitoring the financial reports, remuneration levels, audit process, business risk management controls and the operations of the Company.

In supporting the development of sound corporate governance within Village Roadshow Limited, the Board will vary and augment the policies outlined from time to time as are appropriate for the Company.

The Composition and Membership of the Board of Directors

Composition of the Board is determined in accordance with the following principles:

- The Board should comprise at least nine Directors with an appropriate balance of Executive, Non-executive, Independent and Shareholder Directors, the definitions of which are:

Executive Director – one in full time employment by the Company, either directly or through a consultancy;

Non-executive Director – one who is not in full time employment with the Company but may derive a small proportion of their income directly or indirectly from the Company by management or consultancy fees;

Independent Non-executive Director – one who is not a substantial shareholder 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% of the total issued ordinary capital of the Company.

- The Board should comprise Directors with an appropriate range of qualifications and specific expertise that will enable them to make a contribution to its deliberations.
- The Board shall meet at least seven times per year with meeting guidelines designed to ensure that Directors have all necessary information to fully participate in an informed discussion of all agenda items.

At the conclusion of the financial year, the names of the Directors, their respective roles, appointment dates and classifications as Directors were as follows:

Director	Role	Appointment Date	Classification
John R Kirby	Chairman	August 1988	Shareholder, Executive
Robert G Kirby	Deputy Chairman	August 1988	Shareholder, Executive
Graham W Burke	Managing Director	September 1988	Shareholder, Executive
Peter E Foo	Finance Director	February 1998	Executive
Peter A Ziegler	Executive Director	March 1998	Executive
William J Conn	Non-executive Director	March 1992	Independent Non-executive
P Terence Jackman	Non-executive Director	July 1993	Non-executive
Lord Puttnam	Non-executive Director	June 1989	Independent Non-executive
D Barry Reardon	Non-executive Director	March 1999	Independent Non-executive
Charles R Stern	Non-executive Director	December 1998	Shareholder, Non-executive

Alan G Rydge, Lord Clive Hollick and John A O'Neill resigned as Directors in November 1998, December 1998 and February 1999 respectively. In addition Charles Gregson has been an alternate Director for Charles Stern since December 1998.

The Company's Articles of Association 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.

The functioning of the Board as a whole and the performance of all Directors is reviewed annually by the Chairman and Directors. The resourcing of both the Board and management with respect to the tasks to be performed is also reviewed periodically.

When required, informal meetings of Non-executive Directors are held to discuss matters of mutual interest.

A formal Letter of Appointment is provided to incoming Non-executive Directors, incorporating the Company's Corporate Governance Policy Manual.

The Chairman and Deputy Chairman of the Company are determined by the Board of Directors. As at least 50 percent of the Board is comprised of Non-executive Directors, the Company considers that there is adequate monitoring of the Executive Directors.

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

Audit Committee

The Company established an Audit Committee in 1991. In accordance with its Terms of Reference, all members of the Audit Committee are Non-executive Directors with appropriate skills and experience.

The role of the Audit Committee is to review, both with management and the Company's external auditors, all published financial statements and year end audited statements prior to approval by the Board and their subsequent publication. In particular the Committee focuses on:

- significant changes in accounting policies and adjustments
 - material judgmental areas and significant audit adjustments, and
 - ensuring financial information provided to shareholders is reliable.
- The key responsibilities of the Committee include:
- periodically reviewing the nomination, performance and competence of the external auditors
 - reviewing preliminary announcements prior to publication
 - monitoring and ensuring compliance with statutory and Australian Stock Exchange requirements for financial reporting
 - ensuring the effectiveness of internal control procedures

- periodically liaising with the external auditors and ensuring that the annual statutory audit and the half yearly review are conducted effectively
- Disclosure Standards
- implementation of appropriate risk management procedures, and
- reviewing the Company's corporate code of conduct and compliance with corporate governance policies, recommending to the Board of Directors when changes or additions may be required.

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

William J Conn	August 1992	Chairman
P Terence Jackman	March 1994	
John A O'Neill	October 1997 to February 1999	
Charles A Stern	March 1999	

The Audit Committee invites the audit partner and senior Company executives to its meetings as required.

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

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 full Board of Directors and subject to the approval of the Company's shareholders in general meeting.

In accordance with the Terms of Reference, the members of the Nomination Committee include the Chairman of the Company and comprise a majority of Non-executive Directors.

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

In addition the Nomination Committee is responsible for periodically reviewing the Company's policy regarding the maximum period of service of Non-executive Directors and their retirement age.

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

John R Kirby	July 1998	Chairman
William J Conn	July 1998	
P Terence Jackman	March 1999	
John A O'Neill	July 1998 to February 1999	

The Nomination Committee meets at least annually. The minutes of the Committee are provided to all Directors of the Company.

Executive Committee

In 1990 the Board of Directors established an Executive Committee which monitors and reports on the major risks affecting each business segment and develops, subject to the approval of the full Board, strategies to mitigate these risks. The Executive Committee has responsibility to fully inform the Board on all matters of substance.

The key functions and responsibilities of the 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
- establishment of committees to report on environmental issues as well as health and safety matters

- reviewing cash flow projections and gearing
- review of acquisitions and disposal of businesses and assets and approval of contracts within defined limits including budgets, and
- treasury responsibility including advising the Board on liquidity, currency and interest rate risk and credit policies.

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 for consideration by the full Board of Directors in May each year.

In addition, outside of the annual budgetary process, the Executive Committee and various divisional boards of the Company's joint ventures have formalised authority levels.

During the financial year the Executive Committee comprised the following members:

John R Kirby	Robert G Kirby
Graham W Burke	Peter E Foo
Peter A Ziegler	Philip S Leggo
Julie E Raffae	Gregory Basser (February 1999)

Guy Jalland resigned from the Committee in October 1998.

The Executive Committee meets at frequent intervals, generally weekly.

Taxation Committee

A Taxation Committee of the Board has been in operation since 1994.

The Taxation Committee's role is to monitor and report on all material taxation issues relevant to the Company and the various business segments of the Village Roadshow group.

External taxation developments are monitored by the Committee in order to identify taxation advantages and exposures and, where appropriate, third party opinions are sought.

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

William J Conn	July 1994	Chairman
John A O'Neill	October 1997 to February 1999	
Peter A Ziegler	July 1994	
Charles R Stern	March 1999	

In addition senior executives may be invited to attend the Committee meetings as required. The Committee meets at least twice per year.

Remuneration Committee

A Remuneration Committee of the Board has been in operation since April 1994.

The Committee's Terms of Reference provide for the review of Executive Committee recommendations on senior divisional and corporate executive remuneration packages and Village Roadshow group policies. In particular, the Remuneration Committee reviews Executive Director remuneration including equity participation and makes appropriate recommendations thereon to the Company's full Board.

The Committee periodically obtains independent advice from external consultants and utilises benchmarks from comparable organisations.

The operation of the Committee is as follows:

- At the commencement of each year, the Executive Directors submit a business plan of their goals to the Committee for review and adoption which forms the basis for remuneration review
- The bonus arrangement is weighted so that the more important goals receive greater rewards

- Senior executive performance and remuneration is reviewed annually and is tabled at the Committee meetings.

The quantum and adequacy of all remuneration packages for senior executives is assessed and monitored by the Remuneration Committee. The Company discloses remuneration details in accordance with the Corporations Law and relevant Australian Accounting Standards.

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

William J Conn	April 1994	Chairman
P Terence Jackman	April 1994	
D Barry Reardon	August 1999	

In addition, senior executives may be invited to Committee meetings to provide input on management performance and salary packages.

The Committee meets at least twice per year and formally reports either verbally or in writing to the Board.

The cash remuneration of Non-executive Directors (being Directors' Fees not paid to a person in an Executive capacity) is approved by shareholders in general meeting from time to time.

In addition, the Company encourages Executive and Non-executive Directors to hold shares in the Company. Subject to the approval of shareholders, 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 are set out in the Directors' Report.

Shareholder Meetings

The Company's Articles of Association sets out the procedures to be followed regarding:

- the convening of meetings
- the form and requirements of the notice
- chairman and quorums, and
- voting procedures, proxies, representatives and polls.

The Directors support the principle of longer notification periods for meetings of shareholders in excess of those periods prescribed by the Company's Articles of Association.

The format of resolutions to be put to meetings of shareholders 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.

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

All shareholders are entitled to inspect or obtain copies of the Company's minutes of shareholders' meetings during normal business hours at the Company's head office.

Code of Conduct

The Board of Directors insist on the highest ethical standards from all officers and employees of the Company. All practical steps are taken to ensure professional conduct at all times regarding:

- the maintenance, quality and safety of goods and services
- appropriate insider trading code of conduct
- use of market power and pricing practices, and
- conflicts of interest.

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

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.

All Directors have an obligation 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 reporting to the Australian Stock Exchange by the Company Secretary.

In addition, Directors are precluded from dealing in securities of the Company during the periods 31 December to release of the half year profit announcement and 30 June to the release of the full financial year end profit announcement.

Outside of those periods, a Director may not 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. Legal advice will be obtained by the Company Secretary on behalf of the Director in circumstances where any doubt exists.

Financial Risk Management

The Company's formal Financial Risk Management Policy includes the recognition, measurement and management of interest rate risk, foreign exchange exposures, credit risk, liquidity levels and monitoring of economic and financial conditions.

The Company's financial structure includes a number of covenants to its banks to which it must adhere requiring a structured level of monitoring and management to ensure compliance.

The structure and design of the Company's Financial Risk Management Policy was developed by an independent consultant in conjunction with the Company's corporate management. The parameters of the Financial Risk Management Policy are periodically reviewed by the Audit Committee to ensure the Policy addresses current issues.

In addition, the Audit Committee seeks input from both the Company's internal and external auditors who report on the adequacy of the Policy and upon the Company's compliance with the Policy's guidelines.

The Audit Committee reviews and recommends the Financial Risk Management Policy to be adopted by the Board of Directors. The Executive Committee monitors the performance of the Company against the Policy guidelines.