

## Corporate Governance Statement

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The Board of Directors of Prime Television Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Prime Television Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Prime Television Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's (the Council) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Corporate Governance Council's principles and recommendations are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Prime Television Limited's corporate governance practices were in place throughout the year ended 30 June 2007 and were compliant with the Council's best practice recommendations except as noted in this statement.

For further information on corporate governance policies adopted by Prime Television Limited, refer to our website:

[www.primemedia.com.au/corporategovernance](http://www.primemedia.com.au/corporategovernance)

### COMPOSITION OF THE BOARD AT THE DATE OF THIS REPORT

NAME	POSITION
Paul J. Ramsay	Non Executive Chairman
Michael S. Siddle	Non Executive Deputy Chairman
Peter J. Evans	Non Executive Director
Terry Jackman	Non Executive Director
Alex Hamill	Non Executive Director
Warwick Syphers	Chief Executive Officer and Executive Director

Details of the background and particular expertise of each director are set out in the Directors' Report attached to this statement.

In order to achieve the objectives of the board as stated above, the composition of the board is determined by applying the following principles:

- The board consists of primarily non – executive directors;
- The chairman of the board should be a non – executive director;
- The directors should possess a broad range of skills, qualifications and experience; and
- The board should meet on a regular basis.

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### BOARD INDEPENDENCE

The directors of Prime Television Limited have an overriding duty to perform their duties in the best interests of the company. Directors are required to declare possible conflicts of interest, interests in contracts, other directorships or offices held, potential related party transactions and the acquisition or disposal of company shares.

Under the Prime Board Charter, where a conflict of interest arises, the director concerned declares the possible conflict of interest. The director is then excluded from all board discussions relating to the issue around which the conflict of interest has arisen.

Principle 2 of the ASX Good Corporate Governance Recommendations suggests that the board should contain a majority of independent directors. Currently the Prime Board has 2 independent non-executive directors (Terry Jackman and Alex Hamill) and 3 non-executive directors (Paul Ramsay, Michael Siddle and Peter Evans) and one executive director (Warwick Syphers). Principle 2 also recommends that an independent director undertake the role of chairman. The role of chairman of the Prime Board is currently held by Paul Ramsay, a non-executive director.

Although the company is non-compliant with the independence recommendations of Principle 2, the board is of the view that the non-executive directors, who represent Paul Ramsay Holdings Pty Ltd, have the necessary management, corporate, financial and operational expertise which is of value in their overview of the Company's affairs. Two of the non-independent directors, Paul Ramsay and Michael Siddle, have over 35 years experience in television industry matters having been part of the foundations of the Prime Television Limited.

### CHANGES TO BOARD COMPOSITION

Messrs Ramsay and Siddle have been directors of Prime Television Limited since 1985. Mr Evans joined the board in March 1991. Mr Jackman was appointed in February 1996. Mr Hamill was appointed to the board on 2 October 2003. Mr Syphers was appointed in December 2006. Each appointment has been approved unanimously by the then directors, following a recommendation from the Chairman.

In January 2003 the Board constituted an Executive Committee comprising Messrs Ramsay, Siddle and Evans to oversight the executive functions of the company. This committee is currently in recess following the appointment of the Chief Executive Officer in September 2005. Should for any reason the Chief Executive Officer be unable to perform his duties then this committee will again oversight the executive functions on behalf of the board.

It is policy that the board must comprise a majority of non-executive directors, and that the Chairman shall be selected from the non-executive directors.

The appointment and removal of directors are governed by Articles 82-94 of the parent entity's Constitution. In short, directors appointed to fill casual vacancies must offer themselves for re-election at the next following annual general meeting of the company. Also, at each annual general meeting, one third of the directors must offer themselves for re-election subject to the proviso that no director shall serve more than three years without being a candidate for re-election.

### STRUCTURE OF THE BOARD AND BOARD COMMITTEE MEETINGS

The Board normally holds 9 scheduled meetings during each financial year.

With one exception, members of the board reside in Sydney. Coupled with the relatively small size of the board (comprising five non executive directors and one executive director), this proximity makes it relatively easy for members of the board to meet in whole or in part outside of the formal meeting structure. For this reason, the board as a whole is able to exercise its functions without the requirement for excessive formal subcommittee structures. Executive management has ready access to members of the board, and all board members are consulted on significant decisions, which have to be made between formal meetings.

On at least an annual basis the board sets aside two days for detailed discussions on the group's business strategies at which presentations are received from senior managers.

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### BOARD RESPONSIBILITIES

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The board is responsible for formulating matters of strategy, the appointment of executive management, the review and approval of annual operating budgets and assessment of the performance of executive management against the operating budgets and assessment of the performance of executive management against the operating and strategic plans previously determined.

The responsibility for the operation and administration of the consolidated entity has been delegated by the board to the executive committee of the Board, to whom the Chief Executive Officer reports. (Refer to **Changes to Board Composition**) The board ensures that the management team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the Chief Executive Officer and the executive management team. The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board.

### INDEPENDENT PROFESSIONAL ADVICE

Each director has the entitlement to seek independent professional advice at the expense of the group in carrying out his duties as a director. The approval of the Chairman is required prior to the obtaining of such advice.

### AUDIT COMMITTEE

The board has established an audit committee.

It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

Members of the Audit Committee as at the date of this report are as follows:

- Mr P.J. Evans FCA (Chairman)
- Mr M.S. Siddle
- Mr A Hamill

Members of the Audit Committee must be non-executive directors.

The responsibilities of the Audit Committee include:

- Approval of the external audit plan.
- Liaison with external auditors on the results and findings of the audit, and on recommendations made.
- Review of the performance of the external auditors.
- Oversight of accounting policies and procedures used within the economic entity and its subsidiaries.
- Reviewing drafts of interim and full year financial statements and making recommendations to the full Board in respect of their adoption.
- Oversight of the controls and procedures used within the economic entity, and recommendations in respect of systems of internal control.

Details of the qualifications of audit committee members are set out in the Directors' Report attached to these accounts.

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### REMUNERATION COMMITTEE

Members of the Remuneration Committee as at the date of this report are as follows:

- Mr T Jackman (Chairman)
- Mr P.J. Evans
- Mr A Hamill

The Remuneration Committee reviews the remuneration packages and employment conditions applicable to senior executives and any executive directors. In making these determinations, regard is had to comparable industry or professional salary levels, and to the specific performance of the individuals concerned. The Chairman of the Remuneration Committee makes recommendations in this respect to the full board.

The remuneration of managers and staff other than senior executives and executive directors is within the authority of the Chief Executive Officer. The Chief Executive Officer has discretion in regard to the remuneration of individual managers subject to the proviso that the overall level of remuneration is within budget guidelines as approved by the Board prior to preparation of the annual budget.

Recommendations in respect of allocations of share options under the Prime Television Share Option Scheme are made by the Remuneration Committee, for approval by the Board. In accordance with the Listing Rules of the Australian Stock Exchange, options issued to executive directors are required to be approved by shareholders in general meeting. The terms and conditions of such options were approved by shareholders at the Annual General Meeting in 1992, and again in November 1995.

The remuneration of non-executive directors is determined by the Board as a whole, based on analysis having regard to survey comparisons, inflation trends, and to special responsibilities assumed by individual directors. The total quantum of directors' fees is subject to the approval of shareholders in general meeting. The last aggregate increase in the annual remuneration was approved by shareholders in November 2005.

### BUSINESS RISK

The economic entity operates in one industry, being free to air media broadcasting. This industry is closely regulated in each country in which the economic entity operates, and new licences can only be issued by the respective national governments after extensive review. Audience habits tend to change relatively slowly, so that viewing and listening shares and hence advertising shares can be budgeted with a reasonable degree of accuracy in a given year. The economic conditions in each country are closely monitored as these tend to influence the overall level of advertising spending.

The assessment of and response to business risks is handled by the Board as part of its general responsibilities. At each board meeting or by monthly distribution, Directors consider comprehensive written reports from each of the Chief Executive Officer, Divisional CEO's, Group Finance Manager and the Managers of the various markets.

There is also an established practice within the Group whereby detailed minutes of local management meetings are circulated on a weekly basis. This covers all operations, and through this system of reporting, it is believed that any event, which entails material risk to the economic entity, will come to the attention of the Board.

Television and radio broadcasting is largely a fixed cost business, and variations in performance from time to time largely stem from the impact of economic activity on revenue. The Group has sophisticated revenue tracking systems, which enable management to track current and future revenues on a daily basis.

It is believed that the most significant areas of risk to the economic entity are those, which affect the free to air media industry as a whole. This includes the impact of government policies, changes in broadcasting technology, competitive entertainment mediums, relative ratings performance etc. The ability of the Group to monitor or participate in such changes is enhanced by its membership of industry bodies, which represent all free to air media broadcasters in formulation of industry views and positions.