EVENT

HOSPITALITY & ENTERTAINMENT

EVENT Hospitality & Entertainment Limited

Financial Results
For the half year ended 31 December 2016

This half year report is presented under listing rule 4.2A and should be read in conjunction with the EVENT Hospitality & Entertainment Limited 2016 Annual Report.

ASX code: EVT

Released: 16 February 2017

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David Stone (Company Secretary)

EST 1910

APPENDIX 4D
HALF YEARLY REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2016
(previous corresponding period: half year ended 31 December 2015)

Key Information

				2016 A$'000	2015 A$'000
Revenue and other income	Down	0.8%	to	656,074	661,064
Total revenues and other income	Down	0.8%	to	656,074	661,064
Profit before net finance costs and income tax expense	Down	19.4%	to	**88,406**	**109,729**
Net finance costs				(4,353)	(3,640)
Profit before income tax expense	Down	20.8%	to	**84,053**	**106,089**
Income tax expense				(24,671)	(29,337)
Profit for the period attributable to members of the parent entity	Down	22.6%	to	**59,382**	**76,752**

Dividends (distributions)		Amount per security	Franked amount per security
Final dividend	- 2016 (paid 22 September 2016)	31 ¢	31 ¢
Interim dividend	- Current year	20 ¢	20 ¢
	- Previous corresponding period	20 ¢	20 ¢

Record date for determining entitlements to the dividend	2nd March 2017
Date of interim dividend payment	16th March 2017

Explanation of Revenue
See attached annexure and the Directors' Report.

Explanation of Profit from Ordinary Activities after Tax
See attached annexure and the Directors' Report.

Explanation of Net Profit
See attached interim consolidated financial report.

Explanation of Dividends
See attached interim consolidated financial report.

Net Tangible Asset Backing

	December 2016	December 2015
Net tangible asset backing per share	$5.68	$5.51

Controlled Entities Acquired or Disposed of
See attached interim consolidated financial report.

Additional Dividend Information
See attached interim consolidated financial report.

Dividend Re-Investment Plans
The Dividend Re-Investment Plan ("DRP") was suspended in August 2010 and will not operate for the 2017 interim dividend.

Associates and Joint Venture Entities
See attached interim consolidated financial report.

Compliance Statement
The information provided in this report has been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001* and other standards acceptable to the ASX.

The attached interim consolidated financial report for EVENT Hospitality & Entertainment Limited has been subject to review by its auditors, KPMG. A copy of the independent auditor's review report to the members of EVENT Hospitality & Entertainment Limited is attached.

REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED GROUP RESULT	31 December 2016		31 December 2015		31 December 2014	
	Normalised result* $'000	Reconciliation to reported net profit $'000	Normalised result* $'000	Reconciliation to reported net profit $'000	Normalised result* $'000	Reconciliation to reported net profit $'000
Entertainment						
Australia	33,008	33,008	38,701	38,701	26,128	26,128
New Zealand	4,361	4,361	4,300	4,300	3,030	3,030
Germany	13,736	13,736	26,443	26,443	10,574	10,574
Hospitality and Leisure						
Hotels and Resorts	24,546	24,546	29,044	29,044	23,214	23,214
Thredbo Alpine Resort	20,469	20,469	18,439	18,439	16,917	16,917
Property and Other Investments	7,459	7,459	3,008	3,008	3,878	3,878
Unallocated revenues and expenses	(12,786)	(12,786)	(10,206)	(10,206)	(7,645)	(7,645)
	90,793	**90,793**	**109,729**	**109,729**	**76,096**	**76,096**
Finance revenue	564	564	515	515	642	642
Finance costs	(4,917)	(4,917)	(4,155)	(4,155)	(4,358)	(4,358)
	86,440	**86,440**	**106,089**	**106,089**	**72,380**	**72,380**
Income tax expense	(25,387)	(25,387)	(29,337)	(29,337)	(21,190)	(21,190)
	61,053	**61,053**	**76,752**	**76,752**	**51,190**	**51,190**
Individually significant items – net of tax		(1,671)		–		–
Reported net profit		**59,382**		**76,752**		**51,190**

* Normalised result is profit for the period before individually significant items (as outlined in Note 4 to the interim consolidated financial report). As outlined in Note 2 to the interim consolidated financial report, this measure is used by the Group's Managing Director to allocate resources and in assessing the relative performance of the Group's operations. The normalised result is an unaudited non-IFRS measure.

OVERVIEW

Reported net profit was $59,382,000 (2015: $76,752,000) and $17,370,000 or 22.6% below the prior comparable half year. The normalised result before interest and income tax expense was $90,793,000 (2015: $109,729,000) and $18,936,000 or 17.3% below the prior comparable half year, and the normalised result after tax was $61,053,000 (2015: $76,752,000) and $15,699,000 or 20.5% below the prior comparable half year.

The major impact on the result was the comparative strong film line up in the prior half year period and the Box Office effect for cinema circuits in Australia and Germany. Of particular note was the performance of *Star Wars: The Force Awakens* which grossed $62.7 million at the Australian Box Office in the 15-day period from release until 31 December 2015, compared to *Rogue One: A Star Wars Story* which grossed $36.4 million in the 17-day period from release until 31 December 2016.

The individually significant items were:

	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2014 $'000
Pre-opening expenses relating to the launch and opening of QT Melbourne	(2,387)	–	–
Total before income tax benefit	(2,387)	–	–
Income tax benefit	716	–	–
Total after income tax benefit	(1,671)	–	–

REVIEW OF OPERATIONS

Entertainment

Entertainment Australia

The normalised profit before interest and income tax expense was $33,008,000, a decrease of $5,693,000 or 14.7% below the prior comparable half year.

Total Box Office increased by 1.4% which was predominately due to box office contributions from new or refurbished sites that have recently opened and, adjusting to a like-for-like basis, the total Box Office was 3.4% behind the prior comparable half year period. There were four titles that grossed in excess of $25 million at the Australian Box Office, including: *Rogue One: A Star Wars Story* ($36.4 million); *Suicide Squad* ($34.2 million); *Fantastic Beasts and Where to Find Them* ($31.3 million); and *The Secret Life of Pets* ($29.5 million). These four titles collectively grossed $131.4 million however, on a comparative basis the top four grossing titles from the prior comparable half year period grossed $153.5 million and included: *Star Wars: The Force Awakens* ($62.7 million); *Spectre* ($34.4 million); *The Hunger Games: Mockingjay Part 2* ($29.0 million); and *The Martian* ($27.4 million).

The normalised profit for the half year period was also impacted by a number of other factors including:

- new or refurbished sites that have recently opened and which are currently in the initial establishment phase and yet to attain an appropriate visitation and profit maturity levels;
- increased activity from competitors which has caused some disruption within selected cinema catchment areas and markets;
- the cessation of the Virtual Print Fee arrangement (established eight years ago with distributors to partly fund the cinema industry's conversion to digital projection) which concluded during the year ending 30 June 2016; and
- a loyalty provision write-back which favourably impacted the prior comparable half year period.

Despite the abovementioned profit impacts, the average admission price was consistent with the comparable half year period and merchandising revenue spend per admission experienced positive growth across both Gold Class and Scoop Alley Candy Bars. The contribution from merchandising strengthened considerably in the November and December months through improvements in candy bar combo offerings and the launch of a new Gold Class menu. The Group continued to pursue increased market share and visitation loyalty through the Cinebuzz loyalty program and there were 1,173,000 active Cinebuzz members at 31 December 2016.

The new GU Film House Adelaide located in Hindley Street opened in September 2016. The six-screen cinema, including two Vmax screens featuring the latest Dolby Atmos immersive audio, exhibits a broader film line up which includes art house films. In addition, the 12 screen BCC Cinema at Maroochydore was fully refurbished during the half year period. The Group has a further three cinema developments (totalling 20 screens) scheduled to open during the 2017 calendar year, including new Event Cinemas in Smithfield (Cairns) which will include one Vmax and five traditional screens, Palmerston (Darwin) which will include two Vmax and four traditional screens and Whitford (Perth) which will include two Gold Class, two Vmax and four traditional screens.

Entertainment New Zealand

The normalised profit before interest and income tax expense was $4,361,000, an increase of $61,000 or 1.4% above the prior comparable half year.

Total Box Office increased by 6.0% which was predominately due to additional revenues from recently acquired sites and, adjusting to a like-for-like basis, the total Box Office was 3.0% behind the prior comparable half year period. The four highest-grossing titles within the New Zealand market included: *Suicide Squad* (NZ$5.3 million); *Rogue One: A Star Wars Story* (NZ$5.2 million); *Fantastic Beasts and Where to Find Them* (NZ$4.6 million); *Finding Dory* (NZ$4.6 million); and *The Secret Life of Pets* (NZ$4.2 million). Overall a total of eight films grossed more than NZ$3 million at the New Zealand Box Office compared to six films in the prior comparable half year period.

The average admission price for the circuit was 5.9% below the prior comparable half year, mostly due to amended pricing initiatives implemented to combat increased competition specifically within the Auckland market. Conversely, merchandising revenue spend per admission increased by 3.9%, driven by an ongoing focus on merchandising sales and a number of successful candy bar combo promotions. Similar to the Australian circuit, the New Zealand circuit also continues to pursue market share through the Cinebuzz loyalty program and there were 192,000 active members in New Zealand as at 31 December 2016.

The Group acquired the Downtown Cinemas circuit on 28 July 2016 for NZ$7.65 million and the circuit contributed a total of NZ$2,231,000 in box office revenue and NZ$151,000 in earnings over the half year period. The circuit includes a total of 15 screens across three cinemas located at Palmerston North, Havelock North and Paraparaumu, all located in the southern region of New Zealand's North Island. The Group anticipates considerable operational benefits and profit uplifts will be derived from incorporating the cinemas into the existing Event cinema circuit.

The Group's nine-screen Queensgate cinema complex (located at Lower Hutt) sustained damage from the Kaikoura Earthquake that occurred on 14 November 2016. As a result of the damage the cinema complex has closed and is currently being demolished. It is expected that the complex will be rebuilt and the Group has appropriate insurance arrangements in place to cover the damage to property and the loss of profits from business interruption (for a two year period) and, as a consequence of that insurance cover, there has been no significant profit impact during the half year as a result of the closure of the cinema.

The Entertainment New Zealand result is inclusive of the Group's Fiji Cinema Joint Venture, which includes a 66.7% share in three cinemas located in Fiji and contributed A$516,000 to the total segment result.

Entertainment Germany

The normalised profit before interest and income tax expense was $13,736,000, a decrease of $12,707,000 or 48.1% below the prior comparable half year.

The result was impacted by a 11.1% fall in the total German market admissions which was predominately due to the release disruption caused by the staging of the European Championships (held in June and July 2016) and the outstanding admission result that was achieved in the prior comparable half year period. The top five titles at the German Box Office during the half year were: *Finding Dory* (3.8 million admissions); *The Secret Life of Pets* (3.8 million admissions); *Fantastic Beasts and Where to Find Them* (3.1 million admissions); *Rogue One: A Star Wars Story* (2.8 million admissions); and the German produced comedy, *Willkommen Bei Den Hartmanns* (3.0 million admissions). The films achieved a combined total of 16.5 million admissions compared to the top five films released during the prior comparable half year which collectively achieved 30.4 million admissions and included some very successful films, including: *Star Wars: The Force Awakens* (5.8 million admissions in 15 days), *Fack ju Göhte 2* (7.6 million admissions); and *Spectre* (6.5 million admissions).

The average customer spend (including admission price and merchandising spend) was consistent with the prior comparable half year period and the continued focus on the various cost structures achieved commendable results despite the fall in the level of admissions. Screen advertising revenues declined by 19% reflecting the softening of content appeal comparative to the previous half year period. German produced films represented a 14.2% share of the total German Box Office compared to 19.1% achieved in the prior comparable half year period.

Similar to the Australian and New Zealand cinema businesses, the Group has a loyalty program for the German cinema operations and the current membership base totals 867,000 members.

The number of locations has been consistent over the last few years however the two-screen Mainz Residence site was closed in January 2017. Three new leasehold sites are currently under development and are expected to open during the 2018 year. In addition, during the half year period the Group negotiated the purchase of a freehold retail property located at Neumünster at a total acquisition price of €7.1 million (A$10.3 million). The transaction is expected to settle in the first quarter of 2017 and the site includes a seven-screen cinema that is not currently operated by the Group.

Hospitality and Leisure

Hotels and Resorts

The normalised profit before interest and income tax expense was $24,546,000, a decrease of $4,498,000 or 15.5% below the prior comparable half year.

The normalised profit was impacted by a number of factors including:

- short-term impacts from refurbishment being undertaken at a number of hotels, including the Rydges properties at Capital Hill (Canberra), Parramatta, Cronulla and Hobart;
- major redevelopment being undertaken at two key locations, being Queenstown and Wellington;
- additional repair costs at QT Wellington (formerly known as the Museum Art Hotel) resulting from damage sustained during the Kaikoura Earthquake that occurred on 14 November 2016; and
- additional depreciation expense arising from the new QT Melbourne property.

Despite the short term refurbishment and redevelopment disruption, demand for the Group's hotels in Melbourne, Sydney, Cairns, Queenstown and Rotorua continued to be underpinned by strengthening inbound activity and corporate and conference business. A softening of trading conditions occurred for properties at Port Douglas, Gold Coast and Canberra, and conditions remain difficult in central Queensland largely due to the subdued resources sector. Costs, particularly wages and cost of sales, continued to be well maintained and controlled.

The highly anticipated new-build QT Melbourne opened in September 2016 and is performing ahead of expectations. There was no significant impact on operational EBITDA for the half year period however depreciation expense totalled $1,387,000. Additional pre-opening costs of $2,387,000 relating to the initial launch of the hotel have been disclosed within the half year financial statements as an individually significant item and excluded from the normalised profit.

The Group's owned hotels in Cronulla and Hobart will be rebranded as Eventhouse during the 2017 calendar year. Two of the Group's managed hotels, Rydges Tradewinds (Cairns) and The Kings Hotel (Perth) will close for redevelopment in the third quarter of the current financial year, and The Kings Hotel is expected to reopen as Rydges Perth during the first half of the 2018 financial year.

In addition, the Group has finalised an agreement for the development of a new 165-room Atura hotel at Adelaide Airport. Construction is expected to begin in 2017 and the total construction cost is anticipated to be around $35 million.

Thredbo Alpine Resort

The normalised profit before interest and income tax expense was $20,469,000, an increase of $2,030,000 or 11.0% above the prior comparable half year.

The 2016 snow season experienced a late start resulting in compressed demand, however there was a total of 350,070 skier visitations which was an increase of 5.9% compared to the prior half year result. The increased visitation together with the growth in the average ticket price resulted in an increase in lift pass revenue of $21,723,000, up 9.7% compared to the prior half year result. Snow Sports (ski school) also achieved good revenue growth of 12.5% whilst food and beverage revenue increased by 12.7%. Increased visitation and the pre-season acquisition of Kareela Hutte (an on-mountain food outlet) contributed to the uplift in food and beverage revenues.

The Group has recently completed additional mountain bike trails and associated revenues have increased by 29% compared to the prior comparable half year. The majority of mountain biking activity and revenue generation is expected to occur in the second half of the 2017 financial year.

Property and Other Investments

The normalised profit before interest and income tax expense was $7,459,000, an increase of $4,451,000 or 148.0% above the prior comparable half year. The improved result was primarily driven by the following:

- profit totalling $1,984,000 on the sale of 21 residential apartments at QT Melbourne, with three apartments yet to be sold;
- improved earnings from the Edge Serviced offices at 478 George Street (completed in October 2015) and Double Bay (completed in August 2015); and
- rental income from the Flight Centre tenancy at 478 George Street which commenced in July 2016.

Unallocated revenues and expenses

The unallocated revenues and expenses include the Group's corporate functions and various head office expenses. The increase in the net expense predominately reflects a complete period of additional depreciation and other costs relating to Group's head office (completed in quarter 2 of the 2016 financial year) as well as additional salary and bonus costs incurred during the current half year period.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED

INTERIM CONSOLIDATED FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial report for the half year ended 31 December 2016 and the independent auditors' review report thereon.

Directors

The directors of the Company at any time during or since the end of the half year period are:

Name	**Period of directorship**
Mr AG Rydge (Chairman)	Director since 1978
Mr DC Seargeant (Managing Director)	Director since 2001
Mr RG Newton	Director since 2008
Mr PR Coates *AO*	Director since 2009
Mr KG Chapman	Director since 2010
Ms VA Davies	Director since 2011
Mr DC Grant	Director since 2013
Mrs PM Mann	Director since 2013

Review of operations

The review and results of operations are set out in the Annexure to the Appendix 4D.

Dividend

On 16 February 2017 the directors declared an interim dividend of $32,111,985 (20 cents per share).

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 12 and forms part of the directors' report for the half year ended 31 December 2016.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

AG Rydge	**DC Seargeant**
Director	Director

Dated at Sydney this 16th day of February 2017.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Event Hospitality & Entertainment Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Anthony Travers
Partner

Sydney

16 February 2017

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		174,044	145,040
Trade and other receivables		53,088	38,855
Inventories		19,931	32,731
Prepayments and other current assets		10,306	8,730
Total current assets		257,369	225,356
Non-current assets			
Trade and other receivables		1,081	1,123
Other financial assets		1,396	1,396
Available-for-sale financial assets		19,991	20,067
Investments accounted for using the equity method	7	11,837	11,969
Property, plant and equipment	8	1,076,687	1,042,683
Investment properties		69,600	68,500
Goodwill and other intangible assets	9	109,515	106,595
Deferred tax assets		6,488	7,871
Other non-current assets		4,163	4,207
Total non-current assets		1,300,758	1,264,411
Total assets		1,558,127	1,489,767
LIABILITIES			
Current liabilities			
Trade and other payables		103,910	100,607
Loans and borrowings	10	257,467	2,025
Current tax liabilities		295	20,198
Provisions		19,481	19,961
Deferred revenue		106,251	88,575
Other current liabilities		3,819	3,808
Total current liabilities		491,223	235,174
Non-current liabilities			
Loans and borrowings	10	4,224	202,610
Deferred tax liabilities		17,158	15,558
Provisions		13,905	13,470
Deferred revenue		6,361	6,453
Other non-current liabilities		3,564	3,758
Total non-current liabilities		45,212	241,849
Total liabilities		536,435	477,023
Net assets		1,021,692	1,012,744
EQUITY			
Share capital	11	219,126	219,126
Reserves	12	45,661	46,321
Retained earnings		756,905	747,297
Total equity		1,021,692	1,012,744

The Statement of Financial Position is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 18 to 32.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue and other income			
Revenue from sale of goods and rendering of services	3	615,963	635,705
Other revenue and income	3	40,111	25,359
		656,074	661,064
Expenses			
Employee expenses		(157,761)	(150,070)
Occupancy expenses		(128,558)	(126,259)
Film hire and other film expenses		(122,175)	(132,206)
Purchases and other direct expenses		(64,405)	(55,965)
Amortisation and depreciation		(37,074)	(35,418)
Other operating expenses		(39,099)	(34,230)
Advertising, commissions and marketing expenses		(19,434)	(18,315)
Finance costs		(4,917)	(4,155)
		(573,423)	(556,618)
Equity profit			
Share of net profit of equity accounted investees:	13	1,402	1,643
Profit before income tax expense	4	84,053	106,089
Income tax expense	6	(24,671)	(29,337)
Profit for the period		59,382	76,752

	31 Dec 2016 Cents	31 Dec 2015 Cents
Earnings per share:		
Basic earnings per share	37.4	48.5
Diluted earnings per share	37.0	47.9

The Income Statement is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 18 to 32.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $'000	31 Dec 2015 $'000
Profit for the period	59,382	76,752
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	(3,430)	5,982
Net change in fair value of available-for-sale financial assets – net of tax	(53)	1,032
Net change in fair value of cash flow hedges – net of tax	48	(16)
Other comprehensive income for the period – net of tax	(3,435)	6,998
Total comprehensive income for the period	55,947	83,750

The Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 18 to 32.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2016	219,126	46,321	747,297	1,012,744
Profit for the period	–	–	59,382	59,382
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	(3,430)	–	(3,430)
Net change in fair value of available-for-sale financial assets – net of tax	–	(53)	–	(53)
Net change in fair value of cash flow hedges – net of tax	–	48	–	48
Total other comprehensive income recognised directly in equity	–	(3,435)	–	(3,435)
Total comprehensive income for the period	–	(3,435)	59,382	55,947
Employee share-based payments expense – net of tax	–	2,775	–	2,775
Dividends paid	–	–	(49,774)	(49,774)
Balance at 31 December 2016	219,126	45,661	756,905	1,021,692
Balance at 1 July 2015	219,126	35,210	708,568	962,904
Profit for the period	–	–	76,752	76,752
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	5,982	–	5,982
Net change in fair value of available-for-sale financial assets – net of tax	–	1,032	–	1,032
Net change in fair value of cash flow hedges – net of tax	–	(16)	–	(16)
Total other comprehensive income recognised directly in equity	–	6,998	–	6,998
Total comprehensive income for the period	–	6,998	76,752	83,750
Employee share-based payments expense – net of tax	–	2,257	–	2,257
Dividends paid	–	–	(59,407)	(59,407)
Balance at 31 December 2015	219,126	44,465	725,913	989,504

The Statement of Changes in Equity is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 18 to 32.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $'000	31 Dec 2015 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	709,645	722,738
Cash payments in the course of operations	(589,836)	(578,881)
Cash provided by operations	119,809	143,857
Distributions from associates and joint ventures	1,463	644
Other revenue	23,952	23,346
Dividends received	482	418
Interest received	564	522
Finance costs paid	(5,108)	(4,042)
Income tax refunds	1,084	237
Income tax paid	(43,740)	(29,956)
Net cash provided by operating activities	98,506	135,026
Cash flows from investing activities		
Payments for property, plant and equipment and redevelopment of properties	(65,236)	(88,348)
Payment for additional interests in joint operations, net of cash acquired	–	(6,751)
Payment for business acquired, including intangible assets	(7,255)	(26,549)
Payments for management rights, software and other intangible assets	(826)	(4,890)
Decrease in loans from other entities	(1,147)	(578)
Proceeds from disposal of property, plant and equipment	–	90
Net cash used by investing activities	(74,464)	(127,026)
Cash flows from financing activities		
Proceeds from borrowings	81,376	136,324
Repayment of borrowings	(24,000)	(46,077)
Dividends paid	(49,774)	(59,407)
Net cash provided by financing activities	7,602	30,840
Net increase in cash and cash equivalents	31,644	38,840
Cash and cash equivalents at the beginning of the period	145,040	133,680
Effect of exchange rate fluctuations on cash held	(2,640)	1,526
Cash and cash equivalents at the end of the period	174,044	174,046

The Statement of Cash Flows is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 18 to 32.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE

EVENT Hospitality & Entertainment Limited ("Company") is a company domiciled in Australia. The condensed interim consolidated financial report of the Company as at and for the six months ended 31 December 2016 comprises the Company and its subsidiaries (collectively referred to as "Group" or "Consolidated Entity") and the Group's interest in associates and jointly controlled entities.

The interim consolidated financial report was authorised by the Board of the Company for issue on 16 February 2017.

(a) Statement of Compliance

The interim consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*.

The interim consolidated financial report does not include all of the information required for a full annual financial report.

It is recommended that this interim consolidated financial report be read in conjunction with the most recent annual financial report for the year ended 30 June 2016. This report should also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Significant Accounting Policies

The accounting policies applied by the Group in this interim consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2016.

(c) Estimates

The preparation of the interim consolidated financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim consolidated financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2016.

(d) Financial Risk Management

The Group's financial risk management systems are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2016.

NOTE 2 – SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses from transactions with other Group segments. All segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to a segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment, before individually significant items, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate head office assets, head office expenses, and income tax assets and liabilities.

Additions to non-current segment assets are the total cost incurred during the period to acquire assets that include amounts expected to be recovered over more than 12 months after the year end date. Amounts include property, plant and equipment, but exclude financial instruments and deferred tax assets.

Segment information is presented in respect of the Group's reporting segments. These are the Group's main strategic business segments and have differing risks and rewards associated with the business due to their different product or service and geographic markets. For each of these operating segments, the Group's Managing Director regularly reviews internal management reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to those of other businesses. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest bearing loans and borrowings and borrowing costs, interest income and corporate head office assets and expenses.

Operating segments
The Group comprises the following main operating segments:

- **Entertainment Australia**
  Includes the cinema exhibition operations in Australia, technology equipment supply and servicing, and the State Theatre.
- **Entertainment New Zealand**
  Includes cinema exhibition operations in New Zealand and Fiji.
- **Entertainment Germany**
  Includes the cinema exhibition operations in Germany.
- **Hotels and Resorts**
  Includes the ownership, operation and management of hotels in Australia and overseas.
- **Thredbo Alpine Resort**
  Includes all the operations of the resort including property development activities.
- **Property and Other Investments**
  Includes property rental, investment properties and available-for-sale financial assets.

NOTE 2 – SEGMENT REPORTING (CONTINUED)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
31 December 2016							
Revenue and other income							
External segment revenue	225,984	47,190	157,553	151,450	51,569	19,777	653,523
Other income – external	–	313	–	12	72	1,575	1,972
Finance revenue							564
Other unallocated revenue							15
Revenue and other income							656,074
Result							
Segment result before individually significant items	32,858	4,361	12,484	24,546	20,469	7,459	102,177
Share of net profit of equity accounted investees	150	–	1,252	–	–	–	1,402
Total segment result before individually significant items	33,008	4,361	13,736	24,546	20,469	7,459	103,579
Unallocated revenue and expenses							(12,786)
Net finance costs							(4,353)
Individually significant items							(2,387)
Profit before related income tax expense							84,053
Income tax expense							(24,671)
Profit after income tax expense							59,382
Reportable segment assets	303,743	75,558	219,204	647,110	38,934	224,817	1,509,366
Equity accounted investments	9,385	–	2,452	–	–	–	11,837
Deferred tax assets							6,488
Unallocated corporate assets							30,436
Total assets							1,558,127

NOTE 2 – SEGMENT REPORTING (CONTINUED)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
31 December 2015							
Revenue and other income							
External segment revenue	227,571	42,509	190,524	143,558	47,533	7,336	659,031
Other income – external	–	–	–	6	–	1,492	1,498
Finance revenue							515
Other unallocated revenue							20
Revenue and other income							661,064
Result							
Segment result	38,603	4,300	24,898	29,044	18,439	3,008	118,292
Share of net profit of equity accounted investees	98	–	1,545	–	–	–	1,643
Total segment result	38,701	4,300	26,443	29,044	18,439	3,008	119,935
Unallocated revenue and expenses							(10,206)
Net finance costs							(3,640)
Profit before related income tax expense							106,089
Income tax expense							(29,337)
Profit after income tax expense							76,752
Reportable segment assets	312,347	77,256	213,382	566,614	39,852	231,515	1,440,966
Equity accounted investments	8,126	–	4,012	–	–	–	12,138
Deferred tax assets							8,192
Unallocated corporate assets							29,467
Total assets							1,490,763

NOTE 3 – REVENUE AND OTHER INCOME	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue		
Rendering of services	429,763	445,098
Sale of goods	186,200	190,607
	615,963	635,705
Other Revenue		
Rental revenue	12,867	12,151
Management and consulting fees	10,365	10,875
Sale of apartments	13,936	–
Finance revenue	564	515
Dividends	482	418
Sundry	407	320
	38,621	24,279
Other income		
Insurance proceeds	313	–
Profit on sale of property	77	–
Increase in fair value of investment property	1,100	1,080
	1,490	1,080
	656,074	661,064

NOTE 4 – PROFIT BEFORE INCOME TAX	31 Dec 2016 $'000	31 Dec 2015 $'000
Profit before income tax expense includes the following items where disclosure is relevant in explaining the financial performance of the Group:		
(a) Individually significant items		
Pre-opening expenses relating to the launch and opening of QT Melbourne	(2,387)	–
	(2,387)	–

(b) Seasonality of operations

The consolidated result includes the operations of the Thredbo Alpine Resort. Due to the timing of the Australian ski season, profits from this business for the financial year to 30 June 2017 have largely been earned in the half year to 31 December 2016.

NOTE 5 – DIVIDENDS

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid in the current and comparative periods are:					
2016					
Final 2016 dividend	31	49,774	22 September 2016	30%	100%
2015					
Final 2015 dividend	29	46,562	17 September 2015	30%	100%
Special dividend	8	12,845	17 September 2015	30%	100%

Subsequent events

Since the end of the period, the directors declared the following dividend:

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Interim 2017 dividend	20	32,112	16 March 2017	30%	100%

The financial effect of this interim dividend has not been brought to account in the interim consolidated financial report for the half year ended 31 December 2016 and will be recognised in subsequent consolidated financial reports.

NOTE 6 – TAXATION	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Income tax expense		
The major components of income tax expense are:		
Income tax recognised in profit or loss	24,671	29,337
Current income tax		
Current income tax expense	22,675	26,445
Income tax over provided in the prior year	(461)	(60)
Deferred income tax		
Relating to origination and reversal of temporary differences	2,457	2,952
Income tax expense reported in the Income Statement	24,671	29,337
Income tax charged/(credited) directly in equity		
Deferred income tax related to items charged/(credited) directly in equity		
Effective portion of changes in fair value of cash flow hedges	–	(3)
Net gain/(loss) on hedge of net investment in overseas subsidiary	210	(219)
Unrealised (loss)/gain on available-for-sale financial assets	(23)	442
Adjustments to share-based payments reserve	–	13
Currency translation movements of deferred tax balances of foreign operations	232	(136)
Income tax expense reported in equity	419	97
Reconciliation between tax expense and pre-tax net profit		
A reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax expense	84,053	106,089
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2015: 30%) on accounting profit	25,216	31,827
Increase in income tax expense due to:		
Depreciation and amortisation of buildings	238	231
Non-deductible items and losses in non-resident controlled entities	1,644	1,421
Amortisation of management rights and other intangible assets	481	464
	2,363	2,116
Decrease in income tax expense due to:		
Tax losses from prior years now recognised or utilised	1,251	3,849
Share of incorporated joint venture net profit	423	493
Sundry items	773	204
	2,447	4,546
Income tax over provided in prior period	(461)	(60)
	24,671	29,337

NOTE 7 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**31 Dec 2016 $'000**	**30 June 2016 $'000**
Associates (refer to Note 13)	140	150
Joint ventures (refer to Note 13)	11,697	11,819
	11,837	11,969

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six months ended 31 December 2016 the Group acquired property, plant and equipment with a cost value of $66,998,000 (2015: $109,986,000)

NOTE 9 – GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets comprise of goodwill, construction rights, management and leasehold rights, liquor licences and software. Movements in goodwill and other intangible assets during the half year period were as follows:

	31 Dec 2016 $'000
Balance at the beginning of the period – 1 July 2016	106,595
Additions	6,053
Net foreign currency differences on translation of foreign operations	28
Amortisation	(3,161)
Balance at the end of the period – 31 December 2016	109,515

NOTE 10 – LOANS AND BORROWINGS	31 Dec 2016 $'000	30 June 2016 $'000
Current		
Interest bearing loans and borrowings		
Bank loans – secured	256,563	776
Deferred financing costs	(409)	–
	256,154	776
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	1,313	1,249
	257,467	2,025
Non-current		
Interest bearing loans and borrowings		
Bank loans – secured	2,234	200,640
Deferred financing costs	–	(570)
	2,234	200,070
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	1,990	2,540
	4,224	202,610

Bank debt – secured

The Group's secured bank debt facilities comprise the following:

- $350,000,000 revolving multi-currency loan facility;
- $30,000,000 credit support facility (for the issue of letters of credit and bank guarantees); and
- $50,000 overdraft limit to support transactional banking facilities.

The above facilities mature on 12 September 2017 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.1% and 2% per annum. At 31 December 2016, the Group had drawn $256,563,000 (30 June 2016: $198,364,000) under the debt facilities, of which $nil (30 June 2016: $nil) was subject to interest rate swaps used for hedging, and had drawn $3,370,000 under the credit support facility (30 June 2016: $2,748,000).

Other loans – secured

Certain wholly owned German subsidiaries have arranged secured debt facilities comprising the following:

- €17,000,000 (A$24,738,000) five year guarantee facility (for the issue of letters of credit and bank guarantees); and
- €1,000,000 (A$1,455,000) US dollar loan facility.

These facilities are supported by interlocking guarantees from certain (non-Australian based) Group entities and are secured against a specific property in Germany. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark rate plus a margin of between 0.75% and 2.75% per annum. At 31 December 2016, the Group had drawn €14,554,000 (A$21,179,000) (30 June 2016: €13,740,000 (A$20,510,000)) under the five year guarantee facility and €520,000 (A$756,000) (30 June 2016: €520,000 (A$776,000)) under the US dollar loan facility.

In addition, a Group entity based in Fiji and its joint operation partner have secured debt bank facilities, including a FJ$6,000,000 (A$3,957,000) five year advance facility. At 31 December 2016, the Group's share of debt drawn under this facility was FJ$3,387,000 (A$2,234,000) (30 June 2016: FJ$3,502,000 (A$2,276,000)). These facilities are secured against a specific property in Fiji.

NOTE 11 – SHARE CAPITAL	31 Dec 2016 Shares	30 June 2016 Shares	31 Dec 2016 $'000	30 June 2016 $'000
Share capital				
Fully paid ordinary shares	159,423,457	158,732,489	219,126	219,126
Share capital consists of:				
Ordinary shares	159,300,048	158,584,722		
Tax Exempt Share Plan	31,289	34,647		
Employee Share Plan	92,120	113,120		
	159,423,457	158,732,489		
Treasury shares				
Performance shares	1,136,466	1,827,434		
	160,559,923	160,559,923		

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 12 – RESERVES	31 Dec 2016 $'000	30 June 2016 $'000
Available-for-sale financial assets revaluation	14,038	14,091
Investment property revaluation	5,121	5,121
Hedging	58	10
Share-based payments	24,554	21,779
Foreign currency translation	1,890	5,320
	45,661	46,321

NOTE 13 – INTERESTS IN OTHER ENTITIES

Subsidiaries

A list of subsidiaries of the Group is set out in Note 5.2 of the 2016 Annual Report. Since 1 July 2016 there have been no significant changes to the Group's subsidiaries.

Joint Ventures

Details of the Group's investments in joint ventures, which are accounted for using the equity method, are as follows:

		Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)		
		31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	31 Dec 2015	30 Jun 2016
Name	Principal activities	%	%	$'000	$'000	$'000	$'000	$'000
Browns Plains Cinemas Pty Limited	Operator of a multiscreen cinema complex	(a) 50	(a) 50	839	881	(42)	–	(73)
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	(b) 50	(b) 50	1,519	1,571	870	756	1,193
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	(b) 50	(b) 50	653	873	384	668	1,015
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	50	50	8,406	8,205	202	101	325
Red Carpet Cinema Communication GmbH & Co KG	Event management	(b) 50	(b) 50	280	289	(2)	121	(188)
				11,697	11,819	1,412	1,646	2,272

Note:
(a) The Group acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 (see note 14). Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group also has a direct 33% share in the Browns Plains Multiplex Joint Venture which is accounted for as a joint operation (see page 28). The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.
(b) These companies are incorporated in Germany.

Associates

Details of the Group's investments in associates, which are accounted for using the equity method, are as follows:

		Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)		
		31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	31 Dec 2015	30 Jun 2016
Name	Principal Activities	%	%	$'000	$'000	$'000	$'000	$'000
Cinesound Movietone Productions Pty Limited	Film owner and distributor	50	50	140	150	(10)	(3)	1
Digital Cinema Integration Partners Pty Limited	Administration	48	48	–	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	Administration	(a)(b) 60	(a)(b) 60	–	–	–	–	–
DeinKinoticket GmbH	Operator of DeinKinoticket website	(c) 24	(c) 24	–	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Operator of Movietimes website	(a) 53	(a) 53	–	–	–	–	–
				140	150	(10)	(3)	1

Note:
(a) Digital Cinema Integration Partners NZ Pty Limited and Movietimes Australia and New Zealand Pty Limited are not consolidated as the Group does not have control.
(b) This company is incorporated in New Zealand.
(c) This company is incorporated in Germany.

NOTE 13 – INTERESTS IN OTHER ENTITIES (CONTINUED)

Joint operations

Details of the Group's investments in joint operations, which are accounted for on a line-by-line basis, are as follows:

Name	Principal activities	Country of operation	Ownership interest 31 Dec 2016 %	Ownership interest 30 Jun 2016 %
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Australia	50	50
Browns Plains Multiplex Joint Venture	Operator of a multiscreen cinema complex	Australia	(a) 33	(a) 33
Castle Hill Multiplex Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
Casuarina Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
Fiji Cinema Joint Venture	Operator of multiscreen cinema complexes	Fiji	(a) 66.7	(b) 66.7
Garden City Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	33	33
Geelong Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
Jam Factory Cinema Operations Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
Rialto Joint Venture	Operator of multiscreen cinema complexes	New Zealand	50	50
Toowoomba Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50

Note:

(a) In addition to the 33% interest in the Browns Plains Multiplex Joint Venture held directly, the Group acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 (see note 14), which is classified as a joint venture and equity accounted. Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

(b) The Fiji Cinema Joint Venture is not consolidated as the Group does not have control.

Operating lease commitments of joint operations

The Group's share of future minimum operating lease rentals in respect of the above joint operations are not provided for and payable:

	31 Dec 2016 $'000	30 June 2016 $'000
Within one year	31,904	31,019
Later than one year but not later than five years	90,823	92,464
Later than five years	99,164	87,582
	221,891	211,065

NOTE 14 – ACQUISITION OF ADDITIONAL INTEREST IN JOINT OPERATIONS

There were no acquisitions of additional interests in joint operations in the half year ended 31 December 2016.

During the prior comparable half year period the following additional interest in joint operations were acquired:

Castle Hill cinema complex

Effective 29 September 2015, The Greater Union Organisation Pty Limited, a wholly owned subsidiary, acquired an additional 17% interest in the Castle Hill Multiplex Cinema Joint Venture, taking the ownership in this leasehold site to 50%. The consideration paid was $5,971,000.

The Group recognised the fair value of the following identifiable assets and liabilities relating to this acquisition:

	Fair value at acquisition date $'000
Plant and equipment	742
Cash and cash equivalents	113
Other assets	204
Payables	(85)
Employee entitlements	(15)
Deferred revenue	(27)
Sub-total	932
Leasehold and management rights	5,039
Total net value of identifiable assets	5,971

Leasehold and Management Rights

Leasehold and management rights were recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid	5,971
Less: net value of other identifiable assets and liabilities	(932)
Leasehold and management rights	5,039

Leasehold and management rights will be amortised over the remaining term of the lease. Amortisation of leasehold and management rights is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to the acquisition of $311,000 which were expensed in the Group's income statement for the prior comparable half year period.

Browns Plains cinema complex

Birch Carroll & Coyle Limited, a wholly owned subsidiary, acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 for total consideration of $955,000. The investment in Browns Plains Cinemas Pty Limited was classified as a joint venture and equity accounted (see note 13).

Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group also has a direct 33% share in the Browns Plains Multiplex Joint Venture which is accounted for as a joint operation (see page 28). The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

NOTE 15 – BUSINESS COMBINATIONS

Business combinations in the half year ended 31 December 2016

Downtown Cinemas

Effective 28 July 2016, Event Cinemas Limited, a wholly-owned subsidiary in New Zealand, acquired three cinemas in Palmerston North, Paraparaumu and Havelock North, New Zealand. The consideration paid was $7,255,000 (NZ$7,650,000).

The Group has provisionally recognised the fair value of the following identifiable assets and liabilities relating to this acquisition:

	Fair value at acquisition date $'000
Plant and equipment	1,762
Inventory	69
Sub-total	1,831
Leasehold and management rights	5,424
Total net value of identifiable assets	7,255

Leasehold and management rights

Leasehold and management rights were recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid, net of cash acquired	7,255
Less: net value of other identifiable assets and liabilities	(1,831)
Leasehold and management rights	5,424

Leasehold and management rights will be amortised over the remaining term of the lease. Amortisation of leasehold and management rights is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to this acquisition of $33,000 which have been expensed in the Income Statement for the period.

The Income Statement includes revenue and net profit for the half year ended 31 December 2016 of $2,917,000 and $145,000 respectively as a result of this acquisition.

NOTE 15 – BUSINESS COMBINATIONS (CONTINUED)

Business combinations in the half year ended 31 December 2015
The Group acquired the following business during the prior comparable half year period:

Museum Art Hotel, Wellington, New Zealand
On 3 August 2015, the Group acquired the Museum Art Hotel, Wellington, New Zealand. The total consideration paid for the acquisition was $26,549,000 (NZ$28,846,000).

The Group recognised the fair value of the following identifiable assets and liabilities relating to the acquisition:

	Fair value at acquisition date $'000
Property, plant and equipment	20,755
Other assets and liabilities	318
Deferred tax liabilities	(4,381)
Total net value of identifiable assets	16,692

Goodwill
Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid, net of cash acquired	26,549
Less: net value of other identifiable assets and liabilities	(16,692)
Goodwill	9,857

The goodwill is attributable mainly to the trading reputation and other intangible assets which are not separately identifiable. Goodwill recognised is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to this acquisition of $96,000 which were expensed in the Group's income statement for the prior comparable half year period.

The income statement for the prior comparable half year period included revenue and net profit for the half year ended 31 December 2015 of $6,195,000 and $1,256,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the prior comparable half year period, it is estimated that the income statement for the prior comparable half year period would have included additional revenue and net profit of approximately $1,363,000 and $276,000 respectively.

NOTE 16 – COMMITMENTS AND LEASES

Other than the following, there have been no material changes in commitments and leases since 30 June 2016.

	31 Dec 2016 $'000	30 June 2016 $'000
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	98,172	97,474
Later than one year but not later than five years	293,537	284,673
Later than five years	247,353	245,449
	639,062	627,596

Amounts disclosed in the table above exclude the Group's share of operating lease rentals in respect of the joint operations disclosed in Note 13.

NOTE 17 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the half year ended 31 December 2016, the Managing Director, Mr David Seargeant, announced his intention to step down during the second half of the 2017 calendar year. Certain termination and other entitlements will be payable at the time of Mr Seargeant's departure from the Group in accordance with the terms of Mr Seargeant's employment agreement, details of which have been disclosed in the remuneration report for the year ended 30 June 2016.

There have been no other material changes in contingent liabilities or contingent assets since 30 June 2016.

NOTE 18 – EVENTS SUBSEQUENT TO REPORTING DATE

Dividends
For details of the interim 2017 dividend declared after 31 December 2016 refer to Note 5.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

1. The interim consolidated financial statements and notes set out on pages 13 to 32 are in accordance with the *Corporations Act 2001*, including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

AG Rydge
Director

DC Seargeant
Director

Dated at Sydney this 16th day of February 2017

Independent Auditor's Review Report

To the shareholders of Event Hospitality and Entertainment Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Event Hospitality and Entertainment Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Event Hospitality and Entertainment Limited is not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

ii) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The half-year financial report comprises:

- the consolidated statement of financial position as at 31 December 2016
- consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The Group comprises Event Hospitality and Entertainment Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the half-year financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Event Hospitality and Entertainment Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Anthony Travers	Tracey Driver
Partner	*Partner*
Sydney	Sydney
16 February 2017	16 February 2017