AMALGAMATED HOLDINGS LIMITED

ABN: 51 000 005 103

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

(INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES)

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CONTENTS

INTERNET

These results will be available on the internet at http://www.ahl.com.au under the Investor Centre menu.

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APPENDIX 4E (Rule 4.3A)
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015
RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to the year ended 30 June 2014)

				2015 A$'000	2014 A$'000
Revenue and other income	Up	7.1%	to	1,174,662	1,097,138
Total revenues and other income	Up	7.1%	to	1,174,662	1,097,138
Profit before individually significant items, net finance costs and income tax	Up	38.0%	to	158,974	115,196
Net finance costs				(6,607)	(6,892)
Profit before individually significant items and income tax expense	Up	40.7%	to	152,367	108,304
Individually significant items				(500)	2,759
Profit before income tax expense	Up	36.7%	to	151,867	111,063
Income tax expense				(42,977)	(32,500)
Profit for the year attributable to members of the parent entity	Up	38.6%	to	108,890	78,563

Dividends			Amount per security	Franked amount per security
Final dividend	-	Current year	29.0 ¢	29.0 ¢
	-	Previous corresponding period	27.0 ¢	27.0 ¢
Interim dividend	-	Current year	16.0 ¢	16.0 ¢
	-	Previous corresponding period	15.0 ¢	15.0 ¢
Special dividend	-	Current year	8.0 ¢	8.0 ¢
	-	Previous corresponding period	– ¢	– ¢
Total dividend (interim and final, including any special dividend, if applicable):				
	-	Current year	53.0 ¢	53.0 ¢
	-	Previous corresponding period	42.0 ¢	42.0 ¢

Record date for determining entitlements to the dividend (including final and special)	3 September 2015

For an explanation of the figures reported refer to commentary on results.

APPENDIX 4E (Rule 4.3A)
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. Comments by Directors

See commentary attached to this report.

2. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$5.44	$5.16

3. Annual Meeting

The annual meeting will be held as follows:

Place:	Event Cinemas, 505-525 George Street, Sydney NSW 2000
Date:	23 October 2015
Time:	10:00 am Sydney time
Approximate date the annual report will be available:	22 September 2015

4. Dividend Re-Investment Plan

The Dividend Reinvestment Plan ("DRP") was suspended in August 2010 and will not operate for the 2015 final dividend.

5. Compliance statement

The report is based on accounts which have been subject to audit.

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The information presented below is the Operating and Financial Review, which forms part of the 2015 Directors Report

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Net profit after tax was $108,890,000 (2014: $78,563,000), an increase of $30,327,000 or 38.6% above the prior year result. The normalised result* before interest and income tax expense was $158,974,000 (2014: $115,196,000), an increase of $43,778,000 or 38.0% and the normalised result after tax was $109,300,000 (2014: $75,160,000), an increase of $34,140,000 or 45.4% above the prior year result.

The individually significant items for the year included impairment charges booked against certain hotel properties and redundant plant and equipment, offset by reversals of impairment charges booked in previous years. The prior year included a fair value gain of $4,905,000 arising from the acquisition of the remaining interest in a joint operation and redundancies and other non-recurring costs of $2,146,000. The individually significant items were a net expense item after tax of $410,000 (2014: net income item after tax of $3,403,000).

A summary of the normalised result is outlined below:

	2015		2014	
	Normalised result * $'000	Reconciliation to reported net profit $'000	Normalised result * $'000	Reconciliation to reported net profit $'000
Entertainment				
Australia	78,576	78,576	66,457	66,457
New Zealand	8,264	8,264	4,230	4,230
Germany	25,126	25,126	14,867	14,867
Hospitality and Leisure				
Hotels and Resorts	41,400	41,400	32,759	32,759
Thredbo Alpine Resort	13,410	13,410	6,525	6,525
Property and Other Investments	7,440	7,440	6,734	6,734
Unallocated revenues and expenses	(15,242)	(15,242)	(16,376)	(16,376)
	158,974	158,974	115,196	115,196
Finance revenue	1,290	1,290	1,360	1,360
Finance costs	(7,897)	(7,897)	(8,252)	(8,252)
	152,367	152,367	108,304	108,304
Income tax expense	(43,067)	(43,067)	(33,144)	(33,144)
	109,300	109,300	75,160	75,160
Individually significant items – net of tax		(410)		3,403
Profit for the year		108,890		78,563

* Normalised result is profit for the year before individually significant items (as outlined in Note 2.3 to the financial statements and in the table below). As outlined in Note 2.2 to the financial statements, 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.

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Overview of the Group (continued)

An analysis of the last five years is outlined below:

	2015	2014	2013	2012	2011
Total revenue and other income [(a)] ($'000)	1,174,662	1,097,138	1,039,535	790,285	784,949
Basic earnings per share (cents)	68.9	49.7	54.3	50.6	88.7
Dividends declared [(b)] ($'000)	85,097	67,435	67,435	62,618	65,518
Dividends per share (cents)	45	42	42	39	37
Special dividend per share (cents)	8	–	–	–	4

(a) Total revenue and other income for 2013 to 2015 reflects the adoption of AASB 11 *Joint Arrangements* with effect from 1 July 2012.

(b) Includes the interim dividend paid and the final and special dividends declared in relation to the financial year ended 30 June.

Individually significant items comprised the following:	2015 $'000	2014 $'000
Impairments of land, buildings and plant and equipment	(11,900)	–
Reversal of impairment charges booked in previous years	11,400	–
Fair value gain on acquisition of an additional interest in a joint operation	–	4,905
Redundancy costs incurred in relation to cinema digitalisation and other non-recurring costs	–	(2,146)
Total individually significant items before income tax benefit	(500)	2,759
Income tax benefit relating to individually significant items	90	644
Total individually significant items after income tax benefit	(410)	3,403

Investments

The Group acquired property, plant and equipment totalling $109,437,000 during the year. The significant acquisitions and capital additions include the following:

- refurbishment requirements for the cinemas, hotels and resorts;
- infrastructure and operational requirements for the Thredbo Alpine Resort;
- purchase of two cinemas in the Bay of Plenty region (New Zealand);
- cinema developments at Townsville, Pacific Fair and Springfield (Queensland) and Miranda (New South Wales);
- a hotel development in the central business district of Melbourne (Victoria); and
- development of properties located in Double Bay (New South Wales) and Sydney (New South Wales).

Property

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three year cycle. The total value of the Group's interest in land and buildings, excluding investment properties, based on independent valuations is $1,120,879,000 (refer to Note 3.3 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2015 was $715,014,000. The total value of the investment properties at 30 June 2015 was $71,050,000.

Capital structure

Cash and term deposits at 30 June 2015 totalled $133,680,000 and total debt outstanding was $115,448,000.

Treasury policy

The Group manages interest rate risk in accordance with a Board approved policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2015, the Group had no interest rate hedges (2014: no interest rate hedges) due to the low level of Group debt.

Liquidity and funding

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

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

The above facilities were extended during the year and mature on 12 September 2017 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages (refer to Note 3.3 to the financial statements).

Cash flows from operations

Net operating cash inflows increased to $213,310,000 from $122,746,000 recorded in the prior comparable year. The increase in net operating cash flows was predominately due to the increased trading and revenues from all the Group's major operating businesses and general working capital movements.

Impact of legislation and other external requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results of operations of the Group.

REVIEW OF OPERATIONS BY DIVISION

ENTERTAINMENT

Cinema Exhibition – Australia

As at 30 June	2015	2014	Movement
Cinema locations *	67	67	–
Cinema screens *	628	633	(5)

* Managed and joint venture cinema sites (excludes Moonlight Cinema sites and screens).

The normalised profit before interest and income tax expense was $78,576,000 or 18.2% above the prior comparable year. The result was driven by a generally strong film line up which predominately occurred in the second half of the year. Box office revenues increased 7.7%.

The three titles that grossed in excess of $40 million at the Australian Box Office during the year were: *Fast and Furious 7* ($43.3 million); *Jurassic World* ($40.1 million); and *The Avengers: Age of Ultron* ($40.0 million). The other significant titles released during the year included: *The Hobbit: The Battle of Five Armies* ($34.7 million); *The Hunger Games: Mockingjay Part 1* ($33.8 million); *Pitch Perfect 2* ($27.8 million); *Gone Girl* ($27.0 million); *Guardians of the Galaxy* ($26.6 million). Eight films grossed more than $25 million at the Australian Box Office compared to four films in the prior comparable year.

Merchandising revenue spend per admission achieved positive growth across both the Gold Class and Scoop Alley Candy Bars. The increased merchandising revenue, together with a strong cost focus and implementation of additional tight cost controls over the cost of goods sold assisted in driving the profit growth.

One of the Group's main areas of focus continues to be the Cinebuzz loyalty program. The program is used to build and maintain cinema visitation loyalty to increase market share. The total number of active Cinebuzz members in Australia at 30 June 2015 totalled 1,027,000, an increase of 28.2% over the prior comparable year.

During the year the Group opened a new traditional five-screen cinema complex at Townsville (Queensland) and a new ten-screen cinema at Miranda (New South Wales) which includes two Vmax and two Gold Class screens. The Pacific Fair cinema on the Gold Coast (Queensland) has temporarily closed and is undergoing refurbishment as part of the shopping centre redevelopment and is expected to re-open in October 2015. The cinema will incorporate seven traditional, one Vmax and three Gold Class screens. Similarly, the cinema in Hurstville (New South Wales) has partially closed and is undergoing refurbishment and will fully re-open in November 2015 with seven traditional and one Vmax screens.

Including the above, the cinema development pipeline for the Australian circuit includes a further seven sites (54 screens) that are expected to open over the next two years.

Cinema Exhibition – New Zealand

As at 30 June	2015	2014	Movement
Cinema locations *	19	17	2
Cinema screens *	132	120	12

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $8,264,000 or 95.4% above the prior comparable year. The result was achieved through an increase in box office revenue, merchandising revenue, and significant cost saving initiatives particularly relating to payroll and cost of goods sold.

Box office increased by 6.5% compared to the prior year with the main releases being *Fast and Furious 7* (NZ$8.2 million), *The Hobbit: The Battle of the Five Armies* (NZ$7.9 million), *The Avengers: Age Of Ultron* (NZ$6.8 million) and *The Hunger Games: Mockingjay Part 1* (NZ $6.0 million). The four films achieved a combined total of NZ$29.0 million compared to the top four films in the prior year which collectively grossed NZ$26.9 million.

Merchandising revenue spend per admission increased by 7.5% over the prior year, driven by a continued focus on the candy bar offerings and a number of successful Candy Bar Combo promotions. A strong cost focus and implementation of additional tight cost controls over the cost of goods sold also assisted in driving the profit growth.

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Similar to the Australian circuit, a focus area continues to be the Cinebuzz loyalty program. The program is used to build and maintain cinema visitation loyalty to increase market share. The total number of active Cinebuzz members in New Zealand at 30 June 2015 totalled 146,500, an increase of 18.1% over the prior comparable year.

The Group expanded its footprint of the New Zealand circuit during the year by acquiring two cinemas in the Bay of Plenty region. The cinemas included a leasehold eight screen complex at Tauranga and a freehold four screen complex at Mount Maunganui. The acquisition was completed in December 2014.

The result includes the Fiji Cinema Joint Venture, which includes a 66.7% share in three cinemas located in Fiji.

Entertainment – Germany

As at 30 June	2015	2014	Movement
Cinema locations *	53	53	–
Cinema screens *	411	411	–

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $25,126,000, an increase of 69.0% on the prior comparable year. The total Box Office revenue increased by 7.3% compared to the previous year.

The year started slowly when cinema visitation in July 2014 was severely impacted by Germany's success at the Football World Cup, however an improved release schedule from late July 2014 assisted in a box office recovery. The films which achieved in excess of 2 million admissions at the German Box Office during the year included: the German production, *Honig im Kopf* (6.9 million admissions); *The Hobbit: The Battle of Five Armies* (6.0 million admissions); *Fifty Shades of Grey* (4.4 million admissions); *Fast and Furious 7* (4.2 million admissions); *The Hunger Games: Mockingjay Part 1* (3.8 million admissions); the French production, *Monsieur Claude and his Daughters* (3.7 million admissions); *Jurassic World* (2.9 million admissions); *Transformers: Age of Extinction* (2.4 million admissions); *The Avengers: Age of Ultron* (2.4 million admissions); and *How to Train Your Dragon 2* (2.7 million admissions). These ten films achieved a combined total of 39.4 million admissions compared to the nine films during the prior comparable year which collectively achieved 35.7 million admissions.

German produced films managed to attain a reputable 18.8% share of the total German Box Office compared to 20.0% achieved in the prior comparable year, however the previous year included the very successful *Fack Ju Göhte*. Alternative content, which included broadcasts of opera and other content, maintained popularity and was marginally up on the prior year.

The normalised result also benefited from improved merchandising and the resulting merchandising revenue spend per admission was up 7.2%.

Similar to the Australian and New Zealand cinema businesses, the Group has commenced a loyalty program for the German cinema operations. The new CineStarCARD loyalty program currently has in excess of 342,000 members and will be heavily promoted to further grow the membership base and improve market share.

HOSPITALITY AND LEISURE

Hotels and Resorts

As at 30 June	2015	2014	Movement
Locations *	54	49	5
Rooms *	8,877	9,039	(162)

* Owned and managed hotels.

The normalised profit before interest and income tax expense was $41,400,000 or 26.4% above the prior comparable year. Each of the Group's brands, which include Rydges, QT and Atura, performed well and contributed to the profit growth. Occupancy in the Group's owned hotels increased by 2.8 percentage points to 75% and average room rate increased 2.7% to $161 resulting in an increase in revenue per room (revpar) of 6.3%.

The performance of the Group's QT Hotels (Sydney and Canberra) was driven predominately by QT Sydney, which continued to maintain its growth trajectory with profit increasing by $2,392,000. QT Canberra also enjoyed a successful full year of trading following its launch in the 2014 year, and has quickly established itself as the leading Canberra hotel for conferences and events. QT Canberra continues to attract strong corporate following and an increasing amount of leisure business, despite increased competition within the Canberra market. The Group's QT Resorts (Gold Coast, Port Douglas and Falls Creek) all improved profitability, with QT Gold Coast in particular contributing an increase in profit of $1,475,000 on the prior year, driven by growth in the conferencing and inbound markets. The new QT Bondi (69 rooms) at Bondi Beach is scheduled to open in November 2015.

The improved profitability from the Group's Rydges Hotels reflected strong demand within key markets and improved operating efficiencies. The majority of owned and managed hotels achieved growth, particularly those located in Sydney, Melbourne and throughout New Zealand. The corporate, conference and leisure segments performed well throughout the year, albeit partly offset by noticeable weakness from the resource and mining related business sectors. Inbound arrivals improved and this further underpinned the strong performance in the major cities and regional locations, such as Cairns, Queenstown and Rotorua. In relation to managed hotels, The Thorndon Wellington (formerly The Kingsgate) and Rydges St Kilda (formerly Urban St Kilda) joined the Group during the year and Rydges Palmerston Darwin (Northern Territory) and Rydges Fortitude Valley (Queensland), both of which are currently under development, will open in September 2015 and February 2016 respectively.

Atura Hotels currently has three operating properties. Atura Blacktown, which opened in October 2013, continues to gain considerable traction and has performed well within its market, contributing an increase in profit of $2,104,000 over the prior comparable year. The Group also acquired a 128 room hotel in Doveton, Victoria during the year which was rebranded to Atura Dandenong. Rydges Albury has been also been rebranded as Atura Albury after an extensive refurbishment of all guest rooms and public areas was completed in April 2015.

The Group remains focused on driving value from frequent travellers via the Priority Guest Rewards program. During the year, guest benefits were upgraded and actively communicated to customers resulting in a significant increase in the program membership and guest revenues.

Since the end of the year, the Group has completed the acquisition of the Museum Art Hotel, Wellington, which will be rebranded QT Wellington. The development of QT Melbourne (188 rooms) is in progress with an expected opening around mid-2016. The development includes 24 residential apartments of which 21 apartments have been pre-sold.

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Thredbo Alpine Resort

The normalised profit before interest and income tax expense was $13,410,000, an increase of 105.5% on the prior comparable year. The result reflects the outstanding 2014 ski season.

Revenues increased by 22.5% over the prior comparable half year. Skier numbers improved by 13.0% to 438,000 and improved yields from lift ticket sales, ski hire and retail revenues, together with growth of 28.3% in the ski school participation all contributed to the improved result. Reductions in electricity rates together with improvements in snow making procedures and electricity demand management delivered a 19.9% reduction in energy costs compared to the prior comparable year. Normalised summer operating revenue (not including property income) increased by 12.8% with significant contributions from food and beverage and mountain biking.

The outstanding success of the 2014 ski season was primarily due to two early major snowfalls followed by a series of very cold nights which allowed excellent snow making production. This contrasts markedly to the 2013 ski season which was one of the worst on record where any material snowfall was followed by warm wind and rain. The 2014 ski result highlights the significance and importance of the Group's snow making ability and capacity.

PROPERTY AND OTHER INVESTMENTS

The normalised profit before interest and income tax expense was $7,440,000, an increase of 10.5% on the prior year normalised result. The result included a fair value increment of the investment properties of $1,319,000 compared to $624,000 in the prior year.

The Group's current significant property redevelopments include:

- a redevelopment of the Group's former cinema site at Double Bay (New South Wales). The development is expected to be completed in August 2015 and will include one level of retail and three levels of serviced office facilities; and
- the 16-level redevelopment at 478 George Street in Sydney (New South Wales). The development is expected to be completed in October 2015 and will accommodate the Group's corporate office, which will relocate from the current leased premises. The development maximises the coveted George Street position (fronting George Street and opposite the Queen Victoria Building) by also incorporating two levels of prime retail and four levels of serviced office area.

END

AMALGAMATED HOLDINGS LIMITED

ABN 51 000 005 103

2015 ANNUAL REPORT

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the financial report of Amalgamated Holdings Limited, being the Company and its controlled entities ("Group"), for the year ended 30 June 2015 and the auditor's report thereon.

DIRECTORS

The directors of the Company in office at any time during or since the end of the year are:

AG Rydge (Chairman)
Director since 1978

KG Chapman
Director since 2010

PR Coates
Director since 2009

VA Davies
Director since 2011

DC Grant
Director since 2013

PM Mann
Director since 2013

RG Newton
Director since 2008

DC Seargeant (Managing Director)
Director since 2001 and Managing Director since 2002.

Directors' qualifications, experience and independent status

Alan Rydge

Age 63. Non-executive Chairman, Board member since 1978, Chairman of the Board since 1980, Audit and Risk Committee member and Nomination and Remuneration Committee member.

Experience

A company director with 40-plus years experience in the film, hospitality, leisure and tourism industries. Joined the Greater Union group in 1971 and was formerly the Group Managing Director.

Directorships

Mr Rydge is also a director of the listed company, Carlton Investments Limited (appointed 1980, chairman since 1980). In addition, Mr Rydge is chairman of Alphoeb Pty Limited and Enbeear Pty Limited.

Kenneth Chapman *MB BS, FAICD, FAIM, AFRACMA*

Age 53. Independent non-executive director and Board member appointed since 2010.

Experience

A company director with 20-plus years senior executive experience in the tourism and real estate sectors. Currently, chief executive officer of Skyrail-ITM and executive director of the Chapman group of companies.

Directorships

Mr Chapman held the following positions during the last three years:

- chairman of Far North Queensland Hospital Foundation;
- chairman of Far North Queensland Ports Corporation Limited (resigned 2012);
- chairman of Skyrail Rainforest Foundation Limited;
- director of GFB Fisheries Pty Limited (formerly GFB Fisheries Limited); and
- director of various entities associated with the privately held Chapman group of companies.

Directors' qualifications, experience and independent status (continued)

Peter Coates *AO*
Age 69. Independent non-executive director, Board member since 2009, Audit and Risk Committee member and Nomination and Remuneration Committee member and Chairman of the Nomination and Remuneration Committee and the lead independent director.
Experience
A company director with 40-plus years senior executive experience in the mining and commodities industries. Mr Coates is currently non-executive chairman of Santos Limited, a non-executive director of Glencore plc, non-executive chairman of Glencore majority owned Sphere Minerals Limited, and chairman of the NSW Government's North West Rail Link Advisory Board. Mr Coates was formerly non-executive chairman of Xstrata Australia Pty Limited and chief executive of Xstrata Coal.
Directorships
Directorships of other listed companies, held during the last three years, comprise:
- Santos Limited (chairman from 30 April 2015);
- Glencore International plc (resigned 2013);
- Glencore Xstrata plc (appointed 2013); and
- Sphere Minerals Limited (appointed director and chairman 2013).

Valerie Davies *FAICD*
Age 64. Independent non-executive director and Board member since 2011.
Experience
A company director with 20-plus years senior executive experience within the corporate communications area. Currently, managing director and principal of One.2.One Communications Pty Limited, a consultancy firm that specialises in strategic communication and issues management.
Directorships
Positions held by Ms Davies during the last three years include:
- director of HBF Health Limited; and
- commissioner of Tourism Western Australia.

David Grant *BComm, CA, GAICD*
Age 51. Independent non-executive director and Board member since 2013. Audit and Risk Committee member and Nomination and Remuneration Committee member and Chairman of the Audit and Risk Committee.
Experience
Mr Grant is a Chartered Accountant with 25-plus years accounting and finance related experience spanning both the accounting profession and the commercial sector. Mr Grant's executive career included roles with Goodman Fielder Limited and Iluka Resources Limited as well as co-founding a privately held resource exploration venture in New Zealand. Mr Grant was formerly a non-executive director of Consolidated Rutile Limited.
Directorships
Mr Grant is a director, and chairman of the Audit and Risk Committee, of iiNet Limited.

Patria Mann *BEc, CA, FAICD*
Age 53. Independent non-executive director and Board member since 2013.
Experience
A company director with over 25 years experience. Mrs Mann is a Chartered Accountant and former partner of KPMG. She has been a professional non-executive director for over 10 years. Mrs Mann has extensive audit, investigation, risk management and corporate governance experience.
Directorships
Mrs Mann held the following positions during the last three years:
- director of Ridley Corporation Limited (and chair of the Audit and Risk Committee);
- director of First State Superannuation Trustee Corporation (resigned 9 April 2015);
- chairman of The Doctors' Health Fund Pty Limited (resigned 2013);
- director of Perpetual Superannuation Limited (and chair of the Audit and Risk Committee); and
- director of Allianz Australia Limited.

Richard Newton *BBus (Marketing), FAICD*
Age 55. Independent non-executive director and Board member since 2008.
Experience
A company director with 20-plus years senior executive experience in property investment and development, specifically in hotel operations.
Directorships
Mr Newton held the following positions during the last three years:
- chairman of Capricorn Village Joint Venture, WA;
- director of Carlton Football Club (resigned 2013); and
- chairman and director of Selpam (Australia) Pty Limited and a director of various companies wholly owned by Selpam (Australia) Pty Limited.

Directors' qualifications, experience and independent status (continued)

David Seargeant
Age 65. Managing Director, Board member since 2001 and appointed Managing Director in January 2002.
Experience
Managing Director with 40-plus years experience in the hospitality and leisure industries. Former managing director of the Rydges Hotels group (1988–2002) and the Greater Union group (2000–2002).
Directorships
Mr Seargeant is also a director of Tourism Training Australia.

Explanation of abbreviations and degrees: *AFRACMA* Associate Fellow of The Royal Australasian College of Medical Administrators; *AO* Officer in the Order of Australia; *BBus (Marketing)* Bachelor of Business (Marketing); *BComm* Bachelor of Commerce; *BEc* Bachelor of Economics; *CA* Member of The Institute of Chartered Accountants in Australia; *FAICD* Fellow of the Australian Institute of Company Directors; *FAIM* Fellow of the Australian Institute of Management; *GAICD* Graduate Member of the Australian Institute of Company Directors; and *MB BS* Bachelor of Medicine and Bachelor of Surgery.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year is set out below:

	Directors' meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee meetings	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
AG Rydge	8	8	4	4	5	5
KG Chapman	8	8	–	–	–	–
PR Coates	8	7	4	4	5	5
VA Davies	8	8	–	–	–	–
DC Grant	8	8	4	4	5	5
PM Mann	8	8	–	–	–	–
RG Newton	8	8	–	–	–	–
DC Seargeant [(a)]	8	8	4	4	3	3

(a) DC Seargeant attended Audit and Risk Committee and certain Nomination and Remuneration Committee meetings by invitation. Other directors who are not members of a Committee may attend meetings by invitation from time to time.

During the financial year, directors also visited various sites to improve their understanding of the Group's locations and operations.

COMPANY SECRETARIES

GC Dean CA, ACIS was appointed to the position of Company Secretary for Amalgamated Holdings Limited in December 2002. GC Dean was Accounting Manager for the Company (2001 – 2002) and was previously employed by an international mining corporation and a regional accounting practice. GC Dean is a Chartered Accountant and a member of the Governance Institute of Australia.

DI Stone FCA, ACIS was appointed to the position of Company Secretary for Amalgamated Holdings Limited in February 2012. Prior to this appointment, DI Stone was an audit senior manager at KPMG. DI Stone is a Fellow of The Institute of Chartered Accountants in England and Wales and a member of the Governance Institute of Australia.

CORPORATE GOVERNANCE

The Board endorses the ASX Corporate Governance Principles and Recommendations, 3rd Edition. The Group has taken the opportunity to disclose its 2015 Corporate Governance Statement in the Corporate Governance section on the AHL website (www.ahl.com.au/investor-centre/corporate-governance/). As required, the Group has also lodged the Corporate Governance Statement with the ASX.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the year include the following:

- cinema exhibition operations in Australia, including technology equipment supply and servicing, and the State Theatre;
- cinema exhibition operations in New Zealand and Fiji;
- cinema exhibition operations in Germany;
- ownership operation and management of hotels and resorts in Australia and overseas;
- operation of the Thredbo resort including property development activities;
- property development and investment properties; and
- investment in shares in listed and unlisted companies.

There were no significant changes in the nature of the activities of the Group during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Net profit after tax was $108,890,000 (2014: $78,563,000), an increase of $30,327,000 or 38.6% above the prior year result. The normalised result* before interest and income tax expense was $158,974,000 (2014: $115,196,000), an increase of $43,778,000 or 38.0% and the normalised result after tax was $109,300,000 (2014: $75,160,000), an increase of $34,140,000 or 45.4% above the prior year result.

The individually significant items for the year included impairment charges booked against certain hotel properties and redundant plant and equipment, offset by reversals of impairment charges booked in previous years. The prior year included a fair value gain of $4,905,000 arising from the acquisition of the remaining interest in a joint operation and redundancies and other non-recurring costs of $2,146,000. The individually significant items were a net expense item after tax of $410,000 (2014: net income item after tax of $3,403,000).

A summary of the normalised result is outlined below:

	2015		2014	
	Normalised result * $'000	Reconciliation to reported net profit $'000	Normalised result * $'000	Reconciliation to reported net profit $'000
Entertainment				
Australia	78,576	78,576	66,457	66,457
New Zealand	8,264	8,264	4,230	4,230
Germany	25,126	25,126	14,867	14,867
Hospitality and Leisure				
Hotels and Resorts	41,400	41,400	32,759	32,759
Thredbo Alpine Resort	13,410	13,410	6,525	6,525
Property and Other Investments	7,440	7,440	6,734	6,734
Unallocated revenues and expenses	(15,242)	(15,242)	(16,376)	(16,376)
	158,974	158,974	115,196	115,196
Finance revenue	1,290	1,290	1,360	1,360
Finance costs	(7,897)	(7,897)	(8,252)	(8,252)
	152,367	152,367	108,304	108,304
Income tax expense	(43,067)	(43,067)	(33,144)	(33,144)
	109,300	109,300	75,160	75,160
Individually significant items – net of tax		(410)		3,403
Profit for the year		108,890		78,563

* Normalised result is profit for the year before individually significant items (as outlined in Note 2.3 to the financial statements and in the table below). As outlined in Note 2.2 to the financial statements, 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 of the Group (continued)

An analysis of the last five years is outlined below:

	2015	2014	2013	2012	2011
Total revenue and other income [(a)] ($'000)	1,174,662	1,097,138	1,039,535	790,285	784,949
Basic earnings per share (cents)	68.9	49.7	54.3	50.6	88.7
Dividends declared [(b)] ($'000)	85,097	67,435	67,435	62,618	65,518
Dividends per share (cents)	45	42	42	39	37
Special dividend per share (cents)	8	–	–	–	4

(a) Total revenue and other income for 2013 to 2015 reflects the adoption of AASB 11 *Joint Arrangements* with effect from 1 July 2012.
(b) Includes the interim dividend paid and the final and special dividends declared in relation to the financial year ended 30 June.

Individually significant items comprised the following:	2015 $'000	2014 $'000
Impairments of land, buildings and plant and equipment	(11,900)	–
Reversal of impairment charges booked in previous years	11,400	–
Fair value gain on acquisition of an additional interest in a joint operation	–	4,905
Redundancy costs incurred in relation to cinema digitalisation and other non-recurring costs	–	(2,146)
Total individually significant items before income tax benefit	(500)	2,759
Income tax benefit relating to individually significant items	90	644
Total individually significant items after income tax benefit	(410)	3,403

Investments

The Group acquired property, plant and equipment totalling $109,437,000 during the year. The significant acquisitions and capital additions include the following:

- refurbishment requirements for the cinemas, hotels and resorts;
- infrastructure and operational requirements for the Thredbo Alpine Resort;
- purchase of two cinemas in the Bay of Plenty region (New Zealand);
- cinema developments at Townsville, Pacific Fair and Springfield (Queensland) and Miranda (New South Wales);
- a hotel development in the central business district of Melbourne (Victoria); and
- development of properties located in Double Bay (New South Wales) and Sydney (New South Wales).

Property

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three year cycle. The total value of the Group's interest in land and buildings, excluding investment properties, based on independent valuations is $1,120,879,000 (refer to Note 3.3 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2015 was $715,014,000. The total value of the investment properties at 30 June 2015 was $71,050,000.

Capital structure

Cash and term deposits at 30 June 2015 totalled $133,680,000 and total debt outstanding was $115,448,000.

Treasury policy

The Group manages interest rate risk in accordance with a Board approved policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2015, the Group had no interest rate hedges (2014: no interest rate hedges) due to the low level of Group debt.

Liquidity and funding

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

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

The above facilities were extended during the year and mature on 12 September 2017 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages (refer to Note 3.3 to the financial statements).

Cash flows from operations

Net operating cash inflows increased to $213,310,000 from $122,746,000 recorded in the prior comparable year. The increase in net operating cash flows was predominately due to the increased trading and revenues from all the Group's major operating businesses and general working capital movements.

Impact of legislation and other external requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results of operations of the Group.

REVIEW OF OPERATIONS BY DIVISION

ENTERTAINMENT

Cinema Exhibition – Australia

As at 30 June	2015	2014	Movement
Cinema locations *	67	67	–
Cinema screens *	628	633	(5)

* Managed and joint venture cinema sites (excludes Moonlight Cinema sites and screens).

The normalised profit before interest and income tax expense was $78,576,000 or 18.2% above the prior comparable year. The result was driven by a generally strong film line up which predominately occurred in the second half of the year. Box office revenues increased 7.7%.

The three titles that grossed in excess of $40 million at the Australian Box Office during the year were: *Fast and Furious 7* ($43.3 million); *Jurassic World* ($40.1 million); and *The Avengers: Age of Ultron* ($40.0 million). The other significant titles released during the year included: *The Hobbit: The Battle of Five Armies* ($34.7 million); *The Hunger Games: Mockingjay Part 1* ($33.8 million); *Pitch Perfect 2* ($27.8 million); *Gone Girl* ($27.0 million); *Guardians of the Galaxy* ($26.6 million). Eight films grossed more than $25 million at the Australian Box Office compared to four films in the prior comparable year.

Merchandising revenue spend per admission achieved positive growth across both the Gold Class and Scoop Alley Candy Bars. The increased merchandising revenue, together with a strong cost focus and implementation of additional tight cost controls over the cost of goods sold assisted in driving the profit growth.

One of the Group's main areas of focus continues to be the Cinebuzz loyalty program. The program is used to build and maintain cinema visitation loyalty to increase market share. The total number of active Cinebuzz members in Australia at 30 June 2015 totalled 1,027,000, an increase of 28.2% over the prior comparable year.

During the year the Group opened a new traditional five-screen cinema complex at Townsville (Queensland) and a new ten-screen cinema at Miranda (New South Wales) which includes two Vmax and two Gold Class screens. The Pacific Fair cinema on the Gold Coast (Queensland) has temporarily closed and is undergoing refurbishment as part of the shopping centre redevelopment and is expected to re-open in October 2015. The cinema will incorporate seven traditional, one Vmax and three Gold Class screens. Similarly, the cinema in Hurstville (New South Wales) has partially closed and is undergoing refurbishment and will fully re-open in November 2015 with seven traditional and one Vmax screens.

Including the above, the cinema development pipeline for the Australian circuit includes a further seven sites (54 screens) that are expected to open over the next two years.

Cinema Exhibition – New Zealand

As at 30 June	2015	2014	Movement
Cinema locations *	19	17	2
Cinema screens *	132	120	12

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $8,264,000 or 95.4% above the prior comparable year. The result was achieved through an increase in box office revenue, merchandising revenue, and significant cost saving initiatives particularly relating to payroll and cost of goods sold.

Box office increased by 6.5% compared to the prior year with the main releases being *Fast and Furious 7* (NZ$8.2 million), *The Hobbit: The Battle of the Five Armies* (NZ$7.9 million), *The Avengers: Age Of Ultron* (NZ$6.8 million) and *The Hunger Games: Mockingjay Part 1* (NZ $6.0 million). The four films achieved a combined total of NZ$29.0 million compared to the top four films in the prior year which collectively grossed NZ$26.9 million.

Merchandising revenue spend per admission increased by 7.5% over the prior year, driven by a continued focus on the candy bar offerings and a number of successful Candy Bar Combo promotions. A strong cost focus and implementation of additional tight cost controls over the cost of goods sold also assisted in driving the profit growth.

Similar to the Australian circuit, a focus area continues to be the Cinebuzz loyalty program. The program is used to build and maintain cinema visitation loyalty to increase market share. The total number of active Cinebuzz members in New Zealand at 30 June 2015 totalled 146,500, an increase of 18.1% over the prior comparable year.

The Group expanded its footprint of the New Zealand circuit during the year by acquiring two cinemas in the Bay of Plenty region. The cinemas included a leasehold eight screen complex at Tauranga and a freehold four screen complex at Mount Maunganui. The acquisition was completed in December 2014.

The result includes the Fiji Cinema Joint Venture, which includes a 66.7% share in three cinemas located in Fiji.

Entertainment – Germany

As at 30 June	2015	2014	Movement
Cinema locations *	53	53	–
Cinema screens *	411	411	–

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $25,126,000, an increase of 69.0% on the prior comparable year. The total Box Office revenue increased by 7.3% compared to the previous year.

The year started slowly when cinema visitation in July 2014 was severely impacted by Germany's success at the Football World Cup, however an improved release schedule from late July 2014 assisted in a box office recovery. The films which achieved in excess of 2 million admissions at the German Box Office during the year included: the German production, *Honig im Kopf* (6.9 million admissions); *The Hobbit: The Battle of Five Armies* (6.0 million admissions); *Fifty Shades of Grey* (4.4 million admissions); *Fast and Furious 7* (4.2 million admissions); *The Hunger Games: Mockingjay Part 1* (3.8 million admissions); the French production, *Monsieur Claude and his Daughters* (3.7 million admissions); *Jurassic World* (2.9 million admissions); *Transformers: Age of Extinction* (2.4 million admissions); *The Avengers: Age of Ultron* (2.4 million admissions); and *How to Train Your Dragon 2* (2.7 million admissions). These ten films achieved a combined total of 39.4 million admissions compared to the nine films during the prior comparable year which collectively achieved 35.7 million admissions.

German produced films managed to attain a reputable 18.8% share of the total German Box Office compared to 20.0% achieved in the prior comparable year, however the previous year included the very successful *Fack Ju Göhte*. Alternative content, which included broadcasts of opera and other content, maintained popularity and was marginally up on the prior year.

The normalised result also benefited from improved merchandising and the resulting merchandising revenue spend per admission was up 7.2%.

Similar to the Australian and New Zealand cinema businesses, the Group has commenced a loyalty program for the German cinema operations. The new CineStarCARD loyalty program currently has in excess of 342,000 members and will be heavily promoted to further grow the membership base and improve market share.

HOSPITALITY AND LEISURE

Hotels and Resorts

As at 30 June	2015	2014	Movement
Locations *	54	49	5
Rooms *	8,877	9,039	(162)

* Owned and managed hotels.

The normalised profit before interest and income tax expense was $41,400,000 or 26.4% above the prior comparable year. Each of the Group's brands, which include Rydges, QT and Atura, performed well and contributed to the profit growth. Occupancy in the Group's owned hotels increased by 2.8 percentage points to 75% and average room rate increased 2.7% to $161 resulting in an increase in revenue per room (revpar) of 6.3%.

The performance of the Group's QT Hotels (Sydney and Canberra) was driven predominately by QT Sydney, which continued to maintain its growth trajectory with profit increasing by $2,392,000. QT Canberra also enjoyed a successful full year of trading following its launch in the 2014 year, and has quickly established itself as the leading Canberra hotel for conferences and events. QT Canberra continues to attract strong corporate following and an increasing amount of leisure business, despite increased competition within the Canberra market. The Group's QT Resorts (Gold Coast, Port Douglas and Falls Creek) all improved profitability, with QT Gold Coast in particular contributing an increase in profit of $1,475,000 on the prior year, driven by growth in the conferencing and inbound markets. The new QT Bondi (69 rooms) at Bondi Beach is scheduled to open in November 2015.

The improved profitability from the Group's Rydges Hotels reflected strong demand within key markets and improved operating efficiencies. The majority of owned and managed hotels achieved growth, particularly those located in Sydney, Melbourne and throughout New Zealand. The corporate, conference and leisure segments performed well throughout the year, albeit partly offset by noticeable weakness from the resource and mining related business sectors. Inbound arrivals improved and this further underpinned the strong performance in the major cities and regional locations, such as Cairns, Queenstown and Rotorua. In relation to managed hotels, The Thorndon Wellington (formerly The Kingsgate) and Rydges St Kilda (formerly Urban St Kilda) joined the Group during the year and Rydges Palmerston Darwin (Northern Territory) and Rydges Fortitude Valley (Queensland), both of which are currently under development, will open in September 2015 and February 2016 respectively.

Atura Hotels currently has three operating properties. Atura Blacktown, which opened in October 2013, continues to gain considerable traction and has performed well within its market, contributing an increase in profit of $2,104,000 over the prior comparable year. The Group also acquired a 128 room hotel in Doveton, Victoria during the year which was rebranded to Atura Dandenong. Rydges Albury has been also been rebranded as Atura Albury after an extensive refurbishment of all guest rooms and public areas was completed in April 2015.

The Group remains focused on driving value from frequent travellers via the Priority Guest Rewards program. During the year, guest benefits were upgraded and actively communicated to customers resulting in a significant increase in the program membership and guest revenues.

Since the end of the year, the Group has completed the acquisition of the Museum Art Hotel, Wellington, which will be rebranded QT Wellington. The development of QT Melbourne (188 rooms) is in progress with an expected opening around mid-2016. The development includes 24 residential apartments of which 21 apartments have been pre-sold.

Thredbo Alpine Resort

The normalised profit before interest and income tax expense was $13,410,000, an increase of 105.5% on the prior comparable year. The result reflects the outstanding 2014 ski season.

Revenues increased by 22.5% over the prior comparable half year. Skier numbers improved by 13.0% to 438,000 and improved yields from lift ticket sales, ski hire and retail revenues, together with growth of 28.3% in the ski school participation all contributed to the improved result. Reductions in electricity rates together with improvements in snow making procedures and electricity demand management delivered a 19.9% reduction in energy costs compared to the prior comparable year. Normalised summer operating revenue (not including property income) increased by 12.8% with significant contributions from food and beverage and mountain biking.

The outstanding success of the 2014 ski season was primarily due to two early major snowfalls followed by a series of very cold nights which allowed excellent snow making production. This contrasts markedly to the 2013 ski season which was one of the worst on record where any material snowfall was followed by warm wind and rain. The 2014 ski result highlights the significance and importance of the Group's snow making ability and capacity.

PROPERTY AND OTHER INVESTMENTS

The normalised profit before interest and income tax expense was $7,440,000, an increase of 10.5% on the prior year normalised result. The result included a fair value increment of the investment properties of $1,319,000 compared to $624,000 in the prior year.

The Group's current significant property redevelopments include:

- a redevelopment of the Group's former cinema site at Double Bay (New South Wales). The development is expected to be completed in August 2015 and will include one level of retail and three levels of serviced office facilities; and
- the 16-level redevelopment at 478 George Street in Sydney (New South Wales). The development is expected to be completed in October 2015 and will accommodate the Group's corporate office, which will relocate from the current leased premises. The development maximises the coveted George Street position (fronting George Street and opposite the Queen Victoria Building) by also incorporating two levels of prime retail and four levels of serviced office area.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The Group's strategic plan, which includes future expansion, will depend on industry, economic and political conditions, the potential impact of global events, the future financial performance and available capital, the competitive environment, evolving customer needs and trends, and the availability of attractive opportunities. It is likely that the Group's strategies will continue to evolve and change in response to these and other factors, and there can be no absolute assurance that these current strategies, as detailed below, will be achieved.

ENTERTAINMENT

The strategic plans for Entertainment are applicable to the Australian, New Zealand and German cinema businesses.

Cinema Exhibition

Whilst the Group has no control over the general audience appeal of available films, providing consumers with a demonstrably superior experience in the cinema to that which can be achieved in the home is a central strategic platform. To provide this enhanced cinema experience, the Group will pursue the following strategies:

- continued refurbishment of existing cinemas and expansion of the number of cinemas with the Event Cinemas brand;
- expansion of the Gold Class cinema concept to certain cinema locations within the Australian domestic circuit;
- expansion of the Vmax cinema concept which provides the ultimate big screen cinema experience through larger screens and seats than a traditional auditorium;
- continued improvement of food and beverage outlets within the cinemas to maximise food and beverage revenue opportunities; and
- enhanced customer communication and ticketing through online applications.

Industry developments

The Group believes that there are certain current issues pertaining to the industry that have the capacity to impact the strategic plans and future direction of the cinema operations. The Group will continue to monitor developments in relation to the following issues:

- alternative film delivery methods and the rise in popularity of other forms of entertainment (including video on demand (VOD), DVD ownership and the increase of home entertainment systems);
- shortening of the release window of film to VOD and DVD; and
- increase in unauthorised recording (piracy) of audio and visual recordings for commercial sale and distribution via the internet.

Entertainment Technology
The Group will continue to build knowledge in relation to evolving cinema systems, including immersive audio systems. The Group is focussing on restructuring business processes to reduce the level of operating costs of the existing business and ensuring the appropriate structures are in place for the digital platform. The Group is assessing potential income streams from digital content delivery platforms, including alternate content distribution.

HOSPITALITY AND LEISURE
Rydges Hotels and Resorts
The Group will continue to provide hotel guests with quality 4 star accommodation that consistently delivers a product and service that meets or exceeds guest expectations. To provide this, the Group will continue to pursue the following strategies:
- constant focus on effective recruitment and training practices to ensure talented and dynamic people are attracted to work in the Group's hotels and resorts;
- maintenance of all hotels at an appropriate standard and when required, rejuvenation of key areas of hotels to ensure the Group's reputation continues to be enhanced;
- specific focus on creating standout food and beverage experiences that build incremental spend and enhance each hotel's reputation; and
- maintenance of a leadership position in the online distribution and booking capabilities for guests. The *Priority Guest Rewards* program and the sales and revenue structure are important support functions for the online strategy.

QT Hotels and Resorts
The Group recognised a market opportunity in the 4.5 star design hotel segment, which presents opportunities for an increased level of average room rate, with the level of operating costs not significantly greater than those for the 4 star segment of the Rydges brand. The segment requires an innovative approach to the operation of the hotel restaurant and bar, and again these operate at a higher margin level.

The flagship QT Sydney opened in 2012 and has set new standards of style and vibrancy within the Australian hotel market and has received many local and international awards and accolades. The Group currently has a total of five QT properties including QT Sydney, QT Canberra (formerly Rydges Lakeside) and the QT resorts at Gold Coast, Port Douglas and Falls Creek. In addition, the Group recently acquired (August 2015) the Museum Art Hotel in Wellington (New Zealand) which will be rebranded to QT Wellington, QT Bondi Residences is scheduled to open in October 2015 and the development of the former Russell Street cinema site in Melbourne to a new QT hotel is expected to be completed in 2016.

Atura Hotels
The Group recognised a market opportunity in the 3.5 star design hotel segment which presents opportunities for a lower level of operating costs, whilst at the same time delivering hotel guests with quality and service. Atura offers an experience and amenities currently unavailable in the mid-level market including state-of-the-art technology and free WiFi. The Group intends to roll out the Atura brand across Australia in fringe city CBD suburbs and business parks.

The Group currently has a total of three Atura Hotels, including Atura Blacktown which opened in 2013, Atura Albury (formerly Rydges Albury) which was converted during the year, and Atura Dandenong (formerly the Chifley Doveton) which was acquired during the year. The Group is seeking to identify other potential Atura hotel sites whether through redevelopment of existing hotels or freehold acquisitions.

Increasing the number of hotel rooms
The Group will continue to seek opportunities for future growth through gaining of new hotel management agreements and freehold acquisitions.

Maximising returns from existing locations
The Group anticipates achieving continuing improvements in results through growth in market share and initiatives that drive increased spend and capture rates in all hotels.

THREDBO ALPINE RESORT – KOSCIUSZKO THREDBO

Premier holiday destination
The key strategy for the Thredbo Alpine Resort is to maintain the facility as one of the premier Australian holiday destinations. This strategy includes:
- continuing to ensure the popularity, high-quality and ambience of the winter-time resort facility;
- continuing to improve snow making capability to mitigate risk in poor snow seasons;
- increasing the number and quality of sporting and cultural events to increase visitation outside of the snow season;
- expanding the mountain bike trail network to appeal to a broader range of riders; and
- ensuring that the environmental integrity of the Resort is maintained and, where possible, improved.

Maximising returns from existing facility
The Group anticipates that the Resort will achieve growth through shoulder periods, summer revenue and cost improvements, increased visitation and increased occupancy rates.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous year were:

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit
Declared and paid during the year				
Final 2014 dividend	27	43,351	18 September 2014	30%
Interim 2015 dividend	16	25,690	19 March 2015	30%
		69,041		
Declared after the end of the year				
Final 2015 dividend	29	46,562	17 September 2015	30%
Special dividend	8	12,845	17 September 2015	30%

All the dividends paid or declared by the Company since the end of the previous year were 100% franked.

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' Report, is set out on pages 14 to 26 and has been audited as required by section 308(3C) of the Corporations Act 2001.

EVENTS SUBSEQUENT TO REPORTING DATE

The Group finalised the acquisition of the Museum Art Hotel in August 2015. The total purchase price relating to the acquisition was NZ$28.5 million (approximately A$25.9 million).

The Group finalised the acquisition of the Stade Family Entertainment Centre in August 2015. The total purchase price relating to the acquisition was €6.7 million (approximately A$9.7 million).

Other than the matters identified above, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group are referred to in the Review of Operations by Division, set out within this report.

DIRECTORS' INTERESTS

The relevant interest of each director of the Company in share capital of the Company, as notified by the directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares held directly	Ordinary shares held by companies in which a director has a beneficial interest (a)	Performance shares held directly	Performance rights held directly
AG Rydge	3,269,915	68,948,033	–	–
KG Chapman	3,000	54,000	–	–
PR Coates	–	46,960	–	–
VA Davies	–	10,000	–	–
DC Grant	2,000	–	–	–
PM Mann	–	2,000	–	–
RG Newton	–	66,000	–	–
DC Seargeant	453,490	16,000	802,500	375,000

(a) Relevant interest under the Corporations Act 2001 differs from the disclosure required under Australian Accounting Standards as presented in the Remuneration Report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution provides an indemnity to each person, including AG Rydge, KG Chapman, PR Coates, VA Davies, DC Grant, PM Mann, RG Newton and DC Seargeant, who is or who has been a director or alternate director of the Company or of any related body corporate of the Company. The indemnity also extends to such other officers or former officers, including executive officers or former executive officers, of the Company and of any related body corporate of the Company as the directors of the Company determine.

In terms of the indemnity, the Company will indemnify the directors and other officers of the Company acting as such, to the full extent permitted by law, against any liability to another person (other than the Company or a related body corporate) incurred in acting as a director or officer of the Company, unless the liability arises out of conduct involving a lack of good faith. The indemnity includes any liability for costs and expenses incurred by such person in defending any proceedings, whether civil or criminal, in which judgement is given in that person's favour, or in which the person is acquitted and in making an application in relation to any proceedings in which the court grants relief to the person under the law.

The Company has provided directors' and officers' liability insurance policies that cover all the directors and officers of the Company and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, its nature and the premium paid.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

Mrs PM Mann was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group.

AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the year ended 30 June 2015.

NON-AUDIT SERVICES PROVIDED BY KPMG

During the year, KPMG, the Group's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included in this Directors' Report.

NON-AUDIT SERVICES PROVIDED BY KPMG (CONTINUED)

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	2015 $	2014 $
Audit services:		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements	1,091,640	1,097,170
Other assurance services	123,208	35,710
Overseas KPMG firms		
Audit and review of financial statements	335,920	348,490
Other assurance services	40,254	17,470
	1,591,022	1,498,840
Other services:		
Auditors of the Group – KPMG Australia		
Tax compliance and advice	332,004	303,329
Other services	85,388	84,027
	417,392	387,356
Overseas KPMG firms		
Tax compliance and advice	331,655	284,162
	749,047	671,518

ROUNDING OFF

The Company is of a kind referred to in Class Order 98/100 as issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, 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
Director

DC Seargeant
Director

Dated at Sydney this 20th day of August 2015.

MESSAGE FROM THE CHAIRMAN REGARDING THE REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Amalgamated Holdings Limited 2015 Remuneration Report.

The Board continues to employ appropriate remuneration arrangements that achieve an alignment between the remuneration of employees and the interests of shareholders. The remuneration levels of the Managing Director and other senior executives reflect the current flat organisational structure, which is considered appropriate for the Group's operations at this stage, and allows the Managing Director to maintain a strong personal focus on all the Group's operations.

Review of remuneration arrangements during the year

To ensure that the remuneration arrangements remain relevant and competitive, during the year the Nomination and Remuneration Committee, on behalf of the Board, engaged the services of an external consultant to review the remuneration arrangements of the Managing Director. Following this review, the Board resolved to increase the Managing Director's fixed annual remuneration (inclusive of superannuation) from $1,890,000 to $1,970,000 with effect from 1 July 2015. This amendment is the first change to the Managing Director's fixed annual remuneration amount since being last amended in July 2011.

A market benchmarking review was also conducted in June 2015 in relation to the fixed annual remuneration of other senior executives, and appropriate adjustments were implemented.

Short Term Incentive (STI)

As outlined in the 2014 Remuneration Report, certain changes were made to the Group's remuneration arrangements in 2013, including a reduction in the Managing Director's total potential STI from 150% to 100% of fixed annual remuneration with effect from the year ended 30 June 2014. This reduced total potential STI is reflected in the bonus payment disclosed in this Remuneration Report. The Managing Director achieved 60% of the maximum potential STI for the year ended 30 June 2014.

To reflect the outstanding effort of the Managing Director in a number of fields, which had led to the achievement of the result for the year ended 30 June 2015, an additional STI payment of 20% of fixed annual remuneration was made in June 2015.

In accordance with the principal of aligning the interests of shareholders and management, the Group has also determined that a special dividend of 8 cents per share will be paid for the year ended 30 June 2015, representing 19% of the prior year full dividend payment.

Long Term Incentive (LTI)

The Group's current LTI is the Executive Performance Rights Plan, which was approved by shareholders at the 2013 Annual General Meeting. The performance hurdles and other key aspects of the LTI are consistent with current market practice, together with the Board's expectations of future market segment growth, and the Board will continue to monitor industry trends in relation to both LTI and STI and amend the current arrangements if considered appropriate.

New employment agreement with the Managing Director

The Group also entered into a new employment agreement with the Managing Director during the year ended 30 June 2015. The material terms of this agreement are summarised in the Remuneration Report.

The Remuneration Report provides further details regarding the above matters as well as important material on remuneration strategy, structure and outcomes. The Board commends the Remuneration Report to you.

AG Rydge
Chairman

REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for directors of the Company and executives of the Group.

Remuneration philosophy

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on remuneration policy and packages applicable to the Board members and senior executives. The objective of the remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, motivating and retaining people of the appropriate quality.

Remuneration levels are competitively set to attract appropriately qualified and experienced directors and executives. The Nomination and Remuneration Committee obtains independent advice on the level of remuneration packages. The remuneration packages of the Managing Director and senior executives include an at-risk component that is linked to the overall financial and operational performance of the Group and based on the achievement of specific goals of the Group. Executives participate in the Group's Executive Performance Rights Plan, and previously in the Executive Performance Share Plan. The long term benefits of the Executive Performance Rights Plan and the Executive Performance Share Plan are conditional upon the Group achieving certain performance criteria, details of which are outlined below.

The Group also has the following share plans:
- Tax Exempt Share Plan; and
- Employee Share Plan (closed to new members and no offers have been made under the plan since 1998).

Further details in relation to the various share plans are provided in Note 6.1 to the financial statements.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director remuneration is separate and distinct from senior executive remuneration.

Non-executive director remuneration

Objective

The Group's remuneration policy for non-executive directors aims to ensure that the Group can attract, retain and appropriately remunerate suitably skilled, experienced and committed individuals to serve on the Board and its committees.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting ("AGM") held on 22 October 2010 when shareholders approved a maximum aggregate remuneration of $1,500,000 per year. Non-executive directors do not receive any performance related remuneration nor are they issued shares, performance shares or performance rights.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among directors are reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Further information regarding the use of remuneration consultants has been detailed on page 18 in this report.

Each director receives a fee for being a director of the Company. A Committee fee is also paid for being a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. The payment of the Committee fee recognises the additional time commitment required by directors who serve on those Committees. Other Board Committees may be appointed from time to time to deal with issues associated with the conduct of the Group's various activities, and directors serving on such Committees may receive an additional fee in recognition of this additional commitment.

The Board has approved non-executive director fees for the year ending 30 June 2016 as follows:

	2016 $	2015 $
Chairman	313,000	304,000
Other non-executive directors:		
Base fee	128,000	124,000
Committee fee	20,000	19,000
Additional fee for the Chairman of the Audit and Risk Committee	12,000	12,000
Additional fee for the Chairman of the Nomination and Remuneration Committee	6,000	6,000

The remuneration of non-executive directors for the year ended 30 June 2015 is detailed on page 20 in this report.

Directors' fees cover all main Board activities. Non-executive directors are also entitled to be reimbursed for all reasonable business related expenses, including travel, as may be incurred in the discharge of their duties.

Managing Director and executive remuneration

Objective

The Group's remuneration policy aims to reward the Managing Director and other executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, and to:

- reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators ("KPIs");
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and composition of executive remuneration, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages for executives, based on remuneration trends in the market, from which recommendations are made to the Board.

It is the Group's policy that employment contracts are entered into with the Managing Director and other executives. Details of these employment contracts are provided on page 18 in this report.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component includes a short term incentive plan and a long term incentive plan. The proportion of fixed and variable remuneration (potential short term and long term incentives) is set and approved for each senior executive by the Nomination and Remuneration Committee.

Fixed annual remuneration

Objective

Remuneration levels for executives are reviewed annually to ensure that they are appropriate for the responsibilities, qualifications and experience of each executive and are competitive with the market.

The Nomination and Remuneration Committee establishes and issues an appropriate guideline for the purpose of the annual review of fixed remuneration levels. The guideline is based on both current and forecast Consumer Price Index and market conditions. There are no guaranteed fixed remuneration increases in any executives' contracts.

Structure

Executives have the option to receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits such as motor vehicles and car parking. Fixed annual remuneration includes superannuation and all prescribed fringe benefits, including fringe benefits tax.

Variable remuneration – short term incentive ("STI")

Objective

The objective of the STI program is to link the achievement of the operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments to each executive are determined based on the extent to which specific operating targets, set at the beginning of the year, are met. The operational targets consist of a number of KPIs covering both financial and non-financial measures of performance. Typically, KPIs and assessment criteria include:

- meeting of pre-determined growth in Group earnings over the prior year;
- meeting of strategic and operational objectives; and
- assessed personal effort and contribution.

The Group has pre-determined benchmarks which must be met in order to trigger payments under the STI. The measures were chosen to directly align the individual's STI to the KPIs of the Group and to its strategies and performance.

Structure (continued)

On an annual basis, an earnings performance rating for the Group and each division is assessed and approved by the Nomination and Remuneration Committee. The individual performance of each executive is also assessed and rated and the ratings are taken into account when determining the amount, if any, of the STI to be allocated to each executive.

The aggregate of annual STI payments available for executives across the Group is subject to the approval of the Nomination and Remuneration Committee. STI payments are delivered as a cash bonus.

For the Managing Director and named executives, the general target bonus opportunity range is from 50% to 100% of the executives' fixed annual remuneration. The target bonus range for the Managing Director and named executives is detailed below:

		Allocated between:				
	Maximum STI calculated on fixed annual remuneration (a)	Group earnings	Divisional earnings	Special projects	Quantitative KPIs	Qualitative KPIs
Managing Director						
DC Seargeant (b)	100%	40%	–	15%	–	45%
Executives						
NC Arundel	50%	16.7%	16.7%	–	13.3%	3.3%
GC Dean	50%	25%	–	–	10%	15%
MR Duff	50%	16.7%	–	6.7%	23.3%	3.3%
HR Eberstaller	50%	16.7%	16.7%	–	–	16.6%

(a) Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.
(b) The targets set for the Managing Director's STI relate to the Group's performance, the management of current property developments and other business growth targets. The Board considers the specific targets to be commercially sensitive and accordingly further details of these targets have not been disclosed.

Bonuses may be paid above these levels at the discretion of the Nomination and Remuneration Committee and the Board, if it is assessed that an exceptional contribution has been made by an executive. There is no separate profit-share plan.

Variable remuneration – long term incentive ("LTI")

Objective

The objectives of the LTI plan are to:

- align senior employees' incentives with shareholder interests;
- balance the short term with the long term Group focus; and
- retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Group mindset.

Structure

Executives are awarded performance rights which will only vest on the achievement of certain performance hurdles and service conditions. An offer is made under the Executive Performance Rights Plan to senior employees each financial year and is based on individual performance as assessed by the annual appraisal process. If a senior employee does not sustain a consistent level of high performance, they will not be nominated for Executive Performance Rights Plan participation. The Nomination and Remuneration Committee reviews all nominated senior employees with participation subject to final Board approval. In accordance with the ASX Listing Rules, approval from shareholders is obtained before participation in the Executive Performance Rights Plan commences for the Managing Director.

Only senior employees who are able to directly influence the long term success of the Group participate in the Executive Performance Rights Plan.

Each award of performance rights is divided into equal portions, with each portion being subject to a different performance hurdle. The performance hurdles are based on earnings per share ("EPS") and total shareholder return ("TSR") growth of Amalgamated Holdings Limited as determined by the Board over a three year period ("Performance Period"). The extent to which the performance hurdles have been met will be assessed by the Board at the expiry of the Performance Period.

Performance rights do not carry the right to vote or to receive dividends during the Performance Period.

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2015 are based on Amalgamated Holdings Limited's EPS and TSR growth over the Performance Period of the three years to 30 June 2017, with performance measured against the year ended 30 June 2014 (being the "Base Year").

Structure (continued)

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2015 are as follows:

EPS hurdle

The EPS hurdle requires that the Group's EPS growth for the Performance Period must be greater than the target set by the Board. The EPS hurdle was chosen as it provides evidence of the Group's growth in earnings. The hurdle is as follows:

- if annual compound EPS growth over the Performance Period is less than 4%, no performance rights will vest with the executive;
- if annual compound EPS growth over the Performance Period is equal to 4% but less than 6%, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if annual compound EPS growth over the Performance Period is equal to or greater than 6%, all of the performance rights awarded (and attaching to this hurdle) will vest with the executive.

TSR hurdle

The TSR hurdle requires that the growth in the Group's TSR must be at or above the median of the Group's comparator group ("comparator group"). The comparator group is the S&P/ASX 200 (excluding trusts, infrastructure groups and mining companies). Growth in TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights and bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting.

The TSR performance hurdle was chosen as it is widely recognised as one of the best indicators of shareholder value creation. The comparator group for TSR purposes has been chosen as it represents the group with which the Group competes for shareholders' capital. The hurdle is as follows:

- if annual compound TSR growth over the Performance Period is less than the 51st percentile, no performance rights will vest with the executive;
- if annual compound TSR growth over the Performance Period is equal to or exceeds the 51st percentile but is less than 75th percentile, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if annual compound TSR growth over the Performance Period is equal to or greater than the 75th percentile, all of the performance rights awarded (and attaching to this hurdle) will vest with the executive.

After the Board has assessed the extent to which the above performance hurdles and criteria have been achieved, executives will be allocated ordinary shares equal to the number of vested performance rights held.

The Board has retained the discretion to vary the performance hurdles and criteria.

Group performance

In considering the Group's performance and benefits for shareholders' wealth, the Nomination and Remuneration Committee has regard to the following indices in respect of the current year and the previous four years:

	2015 $	2014 $	2013 $	2012 $	2011 $
Net profit before individually significant items and income tax [(a)]	152,367,000	108,304,000	114,745,000	106,564,000	104,269,000
Dividends per share (cents)	45	42	42	39	37
Special dividend per share (cents)	8	–	–	–	4
Share price (year end)	12.54	9.33	8.27	6.45	5.80

(a) Refer to page 5 in the Directors' Report for a reconciliation to reported profit for the year.

Employment contracts

It is the Group's policy that employment contracts for the Managing Director and each senior executive are unlimited in term.

The employment contracts typically outline the components of remuneration paid to the Managing Director and executives but do not prescribe how remuneration levels are to be modified from year to year. Generally, remuneration levels are reviewed each year to take into account Consumer Price Index changes, remuneration trends in the market, and any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy.

Termination provisions in the employment contracts with the Managing Director and named executives are summarised in the table below:

Executives	Termination by executive	Termination by the Group	Expiry date of contract
DC Seargeant	The notice period is six months.	The notice period is six months. On termination, the Group may at its discretion make a payment in lieu of all or part of the notice period. Mr Seargeant may also be entitled to a pro-rata STI bonus for the portion of the performance period that Mr Seargeant has worked, and any entitlement under the LTI (or pro-rata thereof) according to the rules in operation at the termination date. Mr Seargeant will also be entitled to a separation payment of one year's fixed annual remuneration, reduced by any payment in lieu of notice, and to accrued annual leave and long service leave benefits. The Group may terminate the agreement immediately in certain circumstances in which case there is no payment in lieu of notice, no STI or LTI is payable, and the Board may decide not to pay the separation payment.	Not applicable, rolling contracts.
NC Arundel GC Dean MR Duff HR Eberstaller	The notice period is four weeks.	The notice period is one month. On termination, the Group may make a payment in lieu of notice, equal to the notice period. The Group retains the right to terminate the contract immediately under certain conditions. On termination, the executive is entitled to accrued annual and long service benefits. There are no other termination payments. Payment of any LTI (or pro-rata thereof) is subject to the rules in operation at the termination date and at the discretion of the Board.	

Use of remuneration consultants

During the year, the Nomination and Remuneration Committee employed the services of Godfrey Remuneration Group Pty Limited ("GRG") to review its existing remuneration policies and to provide recommendations in respect of the remuneration of the AHL Managing Director. Under the terms of the engagement, GRG provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $9,000 for these services.

GRG has confirmed all recommendations have been made free from undue influence by members of the Group's key management personnel. The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

- GRG was engaged by, and reported directly to, the chairman of the Nomination and Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the chairman of the Nomination and Remuneration Committee under delegated authority on behalf of the Board;
- The report containing the remuneration recommendations was provided by GRG directly to the chairman of the Nomination and Remuneration Committee; and
- GRG was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues. However, GRG was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the key management personnel.

Key management personnel

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and executives.

Name	Position	Period of responsibility	Employing company
Non-executive directors			
Alan Rydge	Chairman and non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Kenneth Chapman	Independent non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Peter Coates	Independent non-executive director and lead independent director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Valerie Davies	Independent non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
David Grant	Independent non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Patria Mann	Independent non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Richard Newton	Independent non-executive director	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Executive director			
David Seargeant	Managing Director and Chief Executive Officer	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Executives			
Norman Arundel	Managing Director Rydges Hotels & Resorts	1 July 2014 to 30 June 2015	Rydges Hotels Limited
Gregory Dean	Director Finance & Accounting, Company Secretary	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Mathew Duff	Director Commercial	1 July 2014 to 30 June 2015	Amalgamated Holdings Limited
Hans Eberstaller	Managing Director AHL Strategic Investments	1 July 2014 to 30 June 2015	The Greater Union Organisation Pty Limited

Directors' and executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the Group are set out below. In accordance with the requirements of AASB 124 *Related Party Disclosures*, the remuneration tables only include remuneration relating to the portion of the relevant periods that each individual was a key management person.

		Short term				Post-employment	Share-based		Other long term		Other		
		Fixed annual remuneration and fees $	STI bonuses $	Non-cash benefits $	Insurance premiums (a) $	Superannuation contributions $	Performance shares (b) $	Performance rights (b) $	Accrued annual leave $	Accrued long service leave $	Retirement benefits $	Total $	Proportion of remuneration performance related
DIRECTORS													
Non-executive													
AG Rydge	2015	285,217	–	–	–	18,783	–	–	–	–	–	304,000	–
	2014	277,225	–	–	–	17,775	–	–	–	–	–	295,000	–
KG Chapman	2015	113,242	–	–	–	10,758	–	–	–	–	–	124,000	–
	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
PR Coates	2015	136,073	–	–	–	12,927	–	–	–	–	–	149,000	–
	2014	129,687	–	–	–	11,996	–	–	–	–	–	141,683	–
VA Davies	2015	113,242	–	–	–	10,758	–	–	–	–	–	124,000	–
	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
DC Grant (c)	2015	141,553	–	–	–	13,447	–	–	–	–	–	155,000	–
	2014	119,533	–	–	–	11,057	–	–	–	–	–	130,590	–
PM Mann (d)	2015	113,242	–	–	–	10,758	–	–	–	–	–	124,000	–
	2014	80,299	–	–	–	7,428	–	–	–	–	–	87,727	–
RG Newton	2015	113,242	–	–	–	10,758	–	–	–	–	–	124,000	–
	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
Executive													
DC Seargeant	2015	1,870,071	1,512,000	–	4,522	18,783	(125,343)	643,457	(22,575)	79,609	–	3,980,524	51.0%
	2014	1,872,225	2,386,549	–	13,388	17,775	468,664	149,609	(118,195)	36,283	–	4,826,298	62.3%

Directors' and executives' remuneration (continued)

		Short term				Post-employment	Share-based		Other long term		Other		
		Fixed annual remuneration and fees $	STI bonuses $	Non-cash benefits $	Insurance premiums (a) $	Superannuation contributions $	Performance shares (b) $	Performance rights (b) $	Accrued annual leave $	Accrued long service leave $	Termination payments $	Total $	Proportion of remuneration performance related
EXECUTIVES													
NC Arundel	2015	457,217	108,251	–	5,780	18,783	(14,032)	72,580	(17,998)	10,837	–	641,418	26.0%
	2014	446,225	92,800	–	4,733	17,775	52,335	16,701	(11,079)	10,327	–	629,817	25.7%
GC Dean	2015	446,217	86,600	–	4,394	18,783	(11,841)	75,128	(11,191)	37,107	–	645,197	23.2%
	2014	415,225	185,400	–	3,262	17,775	61,519	15,586	(7,792)	16,385	–	707,360	37.1%
MR Duff	2015	481,217	109,463	–	3,164	18,783	(12,439)	80,822	1,420	28,769	–	711,199	25.0%
	2014	448,225	192,430	–	2,158	17,775	50,112	16,773	2,248	18,043	–	747,764	34.7%
HR Eberstaller	2015	342,217	58,477	–	1,927	18,783	(5,402)	54,952	(16,879)	6,036	–	460,111	23.5%
	2014	320,409	109,910	–	1,578	17,775	21,993	12,633	32,190	5,696	–	522,184	27.7%

Directors' and executives' remuneration (continued)

(a) Amounts disclosed above for remuneration of directors and named executives exclude insurance premiums paid by the Group in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out within the Remuneration Report. The amounts disclosed in the table above relate to premiums paid by the Group for group salary continuance insurance.

(b) Amounts disclosed above for remuneration relating to performance shares and performance rights have been determined in accordance with the requirements of AASB 2 *Share-based Payment*. AASB 2 requires the measurement of the fair value of performance shares and performance rights at the grant date and then to have that value apportioned in equal amounts over the period from grant date to vesting date. Details of performance shares and performance rights on issue are set out within the Remuneration Report and further details on the terms and conditions of these performance shares and performance rights are set out in Note 6.1 to the financial statements.

(c) DC Grant was appointed to the Board on 25 July 2013.

(d) PM Mann was appointed to the Board on 25 October 2013.

Analysis of STI bonuses included in remuneration

The bonus table below is calculated on the basis of including awarded bonuses only. It only includes remuneration relating to the portion of the relevant periods that each individual was a key management person. Details of the vesting profile of the STI bonuses awarded as remuneration to the Managing Director and each of the named executives of the Group are shown below:

	Included in remuneration (a) $	Awarded in year	Not awarded in year (c)
Managing Director			
DC Seargeant (b)	1,512,000	80.0%	20.0%
Executives			
NC Arundel	108,251	46.7%	53.3%
GC Dean	86,600	40.0%	60.0%
MR Duff	109,463	47.0%	53.0%
HR Eberstaller	58,477	33.3%	66.7%

(a) Amounts included in remuneration for the year represent the amounts that were awarded in the year based on achievement of personal goals and satisfaction of specified performance criteria for the 30 June 2014 year. No amounts vest in future years in respect of the STI bonus schemes for the 2014 year.

(b) The amount awarded to the Managing Director reflects the achievements discussed in the Review of Operations in the Directors' Report, the Group's performance, management of current property developments and other business growth targets. The Board considers the specific targets to be commercially sensitive and accordingly further details of these targets have not been disclosed. The Managing Director achieved 60% of the maximum potential STI for the year ended 30 June 2014 and an additional payment of 20% of fixed annual remuneration was made in June 2015 reflecting the outstanding effort of the Managing Director in a number of fields which had led to the achievement of the result for the year ended 30 June 2015.

(c) The amounts not awarded are due to the performance criteria not being met in relation to the assessment period.

Other transactions with key management personnel and their related parties

AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were $23,432 (2014: $23,405). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $673,291 (2014: $603,972).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $96,714 (2014: $92,653). Rent is charged to AG Rydge at market rates.

During the year ended 30 June 2013, a controlled entity signed a lease agreement for a cinema complex in Townsville with an entity related to Mr KG Chapman. The lease commenced on 9 December 2014 and rent paid during the year was at market rates.

During the prior year, a controlled entity signed a contract of sale with DC Seargeant in respect of an apartment at 131 Russell Street, Melbourne (QT Melbourne). The sale price was based on the listed sale price and consistent with the market value.

Apart from the details disclosed in the Remuneration Report, no key management person has entered into a material contract with the Group since the end of the previous year and there were no material contracts involving directors' interests existing at reporting date.

From time to time, key management personnel of the Group, or their related parties, may purchase goods or services from the Group. These purchases are usually on the same terms and conditions as those granted to other Group employees. Where the purchases are on terms and conditions more favourable than those granted to other Group employees, the resulting benefits form part of the total remuneration outlined within the Remuneration Report.

Executive Performance Rights Plan (current LTI plan)

Analysis of LTI performance rights granted as remuneration
Details of the vesting profile of performance rights granted as remuneration to the Managing Director and named executives are shown below:

	Number	Grant date	Vested during the year	Forfeited during the year	Year in which the grant vests	Fair value: Performance share – EPS $	Fair value: Performance share – TSR $
Managing Director							
DC Seargeant	170,000	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
	205,000	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
Executives							
NC Arundel	19,548	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
	22,885	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
GC Dean	23,870	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
	21,356	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
MR Duff	25,667	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
	22,983	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
HR Eberstaller	14,825	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
	17,311	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50

Analysis of movements in performance rights
The movement during the year, by value, of performance rights in the Company held by the Managing Director and each of the named executives is detailed below:

	Granted during the year (a) $	Exercised during the year $	Performance rights exercised Number	Amount paid per right exercised $
Managing Director				
DC Seargeant	1,626,900	–	–	–
Executives				
NC Arundel	187,074	–	–	–
GC Dean	228,436	–	–	–
MR Duff	245,632	–	–	–
HR Eberstaller	141,874	–	–	–

(a) The value of performance rights granted in the year is the fair value of the performance rights calculated at grant date, estimated using a Binomial tree model for those rights that have EPS hurdles and a Monte Carlo model for those rights that have TSR hurdles. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

There were no performance rights granted since the end of the year.

Executive Performance Rights Plan (current LTI plan)

Performance rights holdings and transactions

The movement during the year in the number of performance rights in Amalgamated Holdings Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, was as follows:

		Held at the beginning of the year	Granted	Exercised	Forfeited	Held at the end of the year
Managing Director						
DC Seargeant	2015	205,000	170,000	–	–	375,000
	2014	–	205,000	–	–	205,000
Executives						
NC Arundel	2015	22,885	19,548	–	–	42,433
	2014	–	22,885	–	–	22,885
GC Dean	2015	21,356	23,870	–	–	45,226
	2014	–	21,356	–	–	21,356
MR Duff	2015	22,983	25,667	–	–	48,650
	2014	–	22,983	–	–	22,983
HR Eberstaller	2015	17,311	14,825	–	–	32,136
	2014	–	17,311	–	–	17,311

No performance rights have been granted since the end of the year. No performance rights are held by any related parties of key management personnel.

Executive Performance Share Plan (previous LTI plan)

Analysis of LTI performance shares granted as remuneration

Details of vesting profile of the performance shares granted in previous years as remuneration to the Managing Director and named executives are shown below:

						Fair value	
	Number	Grant date	Vested during the year	Forfeited during the year [(a)]	Year in which the grant vests	Performance share – EPS $	Performance share – TSR $
Managing Director							
DC Seargeant	210,000	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	255,000	23 Feb 2012	50%	50%	30 Jun 2015	5.89	4.21
Executives							
NC Arundel	23,502	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	28,539	23 Feb 2012	50%	50%	30 Jun 2015	5.89	4.21
GC Dean	20,868	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	25,089	23 Feb 2012	50%	50%	30 Jun 2015	5.89	4.21
MR Duff	22,489	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	26,908	23 Feb 2012	50%	50%	30 Jun 2015	5.89	4.21
HR Eberstaller	9,876	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	11,792	23 Feb 2012	50%	50%	30 Jun 2015	5.89	4.21

(a) The percentage forfeited during the year represents the reduction from the maximum number of performance shares available to vest due to the performance criteria not being achieved.

Executive Performance Share Plan (previous LTI plan) (continued)

Performance shares exercised during the year
Details of performance shares in the Company exercised during the year by the Managing Director and each of the named executives is detailed below:

	Exercised during the year (a) $	Performance shares exercised Number	Amount paid per share $
Managing Director			
DC Seargeant	–	–	–
Executives			
NC Arundel	–	–	–
GC Dean	129,049	13,304	Nil
MR Duff	–	–	–
HR Eberstaller	–	–	–

(a) The value of performance shares exercised during the year is calculated as the market price of shares of the Company on the ASX as at close of trading on the date that the performance shares were exercised.

Performance share holdings and transactions
The movement during the year in the number of performance shares in Amalgamated Holdings Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, was as follows:

		Held at the beginning of the year	Granted	Exercised	Forfeited (a)	Held at the end of the year
Managing Director						
DC Seargeant	2015	930,000	–	–	(127,500)	802,500
	2014	1,035,000	–	–	(105,000)	930,000
Executives						
NC Arundel	2015	87,306	–	–	(14,269)	73,037
	2014	99,079	–	–	(11,773)	87,306
GC Dean	2015	59,261	–	(13,304)	(12,544)	33,413
	2014	66,619	–	–	(7,358)	59,261
MR Duff	2015	99,119	–	–	(13,454)	85,665
	2014	110,223	–	–	(11,104)	99,119
HR Eberstaller	2015	41,425	–	–	(5,896)	35,529
	2014	46,295	–	–	(4,870)	41,425

(a) The performance shares forfeited during the year were granted during the year ended 30 June 2012.

No performance shares have been granted since the end of the year. No performance shares were held by the related parties of key management personnel.

Equity holdings and transactions

The movement during the year in the number of ordinary shares of Amalgamated Holding Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

		Held at the beginning of the year	Purchases	Received on release of performance shares	Sales	Held at the end of the year
Directors						
AG Rydge (Chairman)	2015	72,234,355	–	–	–	72,234,355
	2014	72,234,355	–	–	–	72,234,355
KG Chapman	2015	57,500	–	–	–	57,500
	2014	57,500	–	–	–	57,500
PR Coates	2015	36,500	10,460	–	–	46,960
	2014	36,500	–	–	–	36,500
VA Davies	2015	10,000	–	–	–	10,000
	2014	10,000	–	–	–	10,000
DC Grant	2015	1,000	1,000	–	–	2,000
	2014	–	1,000	–	–	1,000
PM Mann	2015	2,000	–	–	–	2,000
	2014	–	2,000	–	–	2,000
RG Newton	2015	66,840	–	–	–	66,840
	2014	68,340	–	–	(1,500)	66,840
DC Seargeant (Managing Director)	2015	469,490	–	–	–	469,490
	2014	469,490	–	–	–	469,490
Executives						
NC Arundel	2015	10,246	–	–		10,246
	2014	32,246	–	–	(22,000)	10,246
GC Dean	2015	54,791	–	13,304	–	68,095
	2014	54,791	–	–	–	54,791
MR Duff	2015	–	–	–	–	–
	2014	–	–	–	–	–
HR Eberstaller	2015	–	–	–	–	–
	2014	–	–	–	–	–

No shares were granted to key management personnel as compensation in the year to 30 June 2015. Performance rights were granted to certain key management personnel as disclosed on page 23.

End of Directors' Report: Remuneration Report

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

To: the directors of Amalgamated Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG

KPMG

Kenneth Reid
Partner

Sydney

20 August 2015

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4.4	133,680	91,069
Trade and other receivables	3.1	47,192	48,130
Inventories	3.2	19,909	15,247
Prepayments and other current assets		17,535	10,657
Total current assets		218,316	165,103
Non-current assets			
Trade and other receivables	3.1	1,098	1,106
Other financial assets		1,398	1,398
Available-for-sale financial assets	4.5	19,972	17,281
Investments accounted for using the equity method	5.3	11,054	10,780
Property, plant and equipment	3.3	911,942	861,659
Investment properties	3.4	71,050	72,300
Goodwill and other intangible assets	3.5	89,555	91,785
Deferred tax assets	2.4	7,869	8,343
Other non-current assets		4,848	8,663
Total non-current assets		1,118,786	1,073,315
Total assets		1,337,102	1,238,418
LIABILITIES			
Current liabilities			
Trade and other payables	3.6	97,332	81,143
Loans and borrowings	4.4	990	766
Current tax liabilities	2.4	16,009	2,582
Provisions	3.7	18,841	17,067
Deferred revenue	2.1	82,874	70,508
Other current liabilities	3.8	4,264	1,946
Total current liabilities		220,310	174,012
Non-current liabilities			
Loans and borrowings	4.4	118,085	109,629
Deferred tax liabilities	2.4	11,952	11,722
Provisions	3.7	10,531	10,546
Deferred revenue	2.1	9,413	7,615
Other non-current liabilities	3.8	3,907	4,539
Total non-current liabilities		153,888	144,051
Total liabilities		374,198	318,063
Net assets		962,904	920,355
EQUITY			
Share capital	4.1	219,126	219,126
Reserves	4.3	35,210	32,510
Retained earnings		708,568	668,719
Total equity		962,904	920,355

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 33 to 81.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Revenue and other income			
Revenue from sale of goods and rendering of services	2.1	1,113,728	1,046,579
Other revenue and income	2.1	60,934	50,559
		1,174,662	1,097,138
Expenses			
Employee expenses		(261,156)	(250,636)
Occupancy expenses		(241,841)	(241,713)
Film hire and other film expenses		(238,850)	(223,777)
Purchases and other direct expenses		(97,006)	(105,369)
Depreciation, amortisation and impairments		(75,099)	(62,355)
Other operating expenses		(68,463)	(65,612)
Advertising, commissions and marketing expenses		(35,395)	(30,545)
Finance costs		(7,897)	(8,252)
		(1,025,707)	(988,259)
Equity profit			
Share of net profit of equity accounted investees:			
Associates	5.3	10	–
Joint ventures	5.3	2,902	2,184
		2,912	2,184
Profit before tax		151,867	111,063
Income tax expense	2.4	(42,977)	(32,500)
Profit for the year		108,890	78,563

	Note	2015 Cents	2014 Cents
Earnings per share			
Basic earnings per share	2.5	68.9	49.7
Diluted earnings per share	2.5	67.9	49.1

The Income Statement is to be read in conjunction with the notes to the financial statements on pages 33 to 81.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $'000	2014 $'000
Profit for the year	108,890	78,563
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	(1,139)	5,214
Net increase in fair value of available-for-sale financial assets – net of tax	1,884	2,735
Net change in fair value of cash flow hedges – net of tax	14	(17)
Other comprehensive income for the year – net of tax	759	7,932
Total comprehensive income for the year	109,649	86,495

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements on pages 33 to 81.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014	219,126	32,510	668,719	920,355
Profit for the year	–	–	108,890	108,890
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	(1,139)	–	(1,139)
Net change in fair value of available-for-sale financial assets – net of tax	–	1,884	–	1,884
Net change in fair value of cash flow hedges – net of tax	–	14	–	14
Total other comprehensive income recognised directly in equity	–	759	–	759
Total comprehensive income for the year	–	759	108,890	109,649
Employee share-based payments expense – net of tax	–	1,941	–	1,941
Dividends paid	–	–	(69,041)	(69,041)
Total transactions with owners	–	1,941	(69,041)	(67,100)
Balance at 30 June 2015	219,126	35,210	708,568	962,904
Balance at 1 July 2013	219,126	22,987	657,419	899,532
Profit for the year	–	–	78,563	78,563
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	5,214	–	5,214
Net change in fair value of available-for-sale financial assets – net of tax	–	2,735	–	2,735
Net change in fair value of cash flow hedges – net of tax	–	(17)	–	(17)
Transfer	–	(172)	172	–
Total other comprehensive income recognised directly in equity	–	7,760	172	7,932
Total comprehensive income for the year	–	7,760	78,735	86,495
Employee share-based payments expense – net of tax	–	1,763	–	1,763
Dividends paid	–	–	(67,435)	(67,435)
Total transactions with owners	–	1,763	(67,435)	(65,672)
Balance at 30 June 2014	219,126	32,510	668,719	920,355

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 33 to 81.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,259,854	1,163,801
Cash payments in the course of operations		(1,062,005)	(1,042,494)
Cash provided by operations		197,849	121,307
Distributions from associates and joint ventures		3,256	2,886
Other revenue		45,983	42,150
Dividends received		684	614
Interest received		1,290	1,360
Finance costs paid		(7,958)	(8,174)
Income tax refunds		7,755	1,346
Income tax paid		(35,549)	(38,743)
Net cash provided by operating activities	7.3	213,310	122,746
Cash flows from investing activities			
Payments for property, plant and equipment and redevelopment of properties		(104,320)	(72,390)
Purchase of management and leasehold rights, software and other intangible assets		(1,442)	(10,153)
Investment in associate		(596)	–
Payment for the acquisition of a joint venture		–	(8,583)
Payments for businesses acquired including management and leasehold rights		(8,007)	(5,969)
Proceeds from disposal of other non-current assets		280	157
Increase in loans from other entities		1,435	1,249
Net cash used by investing activities		(112,650)	(95,689)
Cash flows from financing activities			
Proceeds from borrowings		86,000	73,113
Repayments of borrowings		(76,000)	(49,000)
Dividends paid	4.2	(69,041)	(67,435)
Net cash used by financing activities		(59,041)	(43,322)
Net increase/(decrease) in cash and cash equivalents		41,619	(16,265)
Cash and cash equivalents at the beginning of the year		91,069	105,592
Effect of exchange rate fluctuations on cash held		992	1,742
Cash and cash equivalents at the end of the year		133,680	91,069

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 33 to 81.

SECTION 1 – BASIS OF PREPARATION

This section explains the basis of preparation for the Group's financial statements, including information regarding the impact of the adoption of new accounting standards.

1.1 – REPORTING ENTITY

Amalgamated Holdings Limited ("Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2015 comprises the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates, joint ventures and joint operations.

Amalgamated Holdings Limited is a for-profit company incorporated in Australia and limited by shares. The shares are publicly traded on the ASX. The nature of the operations and principal activities of the Group are described in Note 2.2.

The financial report was authorised for issue by the Board of Directors of Amalgamated Holdings Limited on 20 August 2015.

1.2 – BASIS OF PREPARATION

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Basis of measurement
The financial report is prepared on the historical cost basis except for the following material items in the Statement of Financial Position which are measured at fair value: derivative financial instruments, financial assets classified as available-for-sale, liabilities for cash-settled share-based payments and investment properties. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Use of estimates and judgements
The preparation of a financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected. Judgements made by management in the application of AASBs that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Notes 2.4 (Taxation), 3.3 (Property, plant and equipment), 3.4 (Investment properties) and 3.5 (Goodwill and other intangible assets).

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 3.3 (Property, plant and equipment), 3.4 (Investment properties) and 4.5 (Financial risk management).

SECTION 1 – BASIS OF PREPARATION

1.3 – FOREIGN CURRENCY

Functional and presentation currency
The financial report is presented in Australian dollars and the functional currency of the Group is Australian dollars.

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for differences arising on retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture whilst retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Net investment in foreign operations
Exchange differences arising from the translation of the net investment in foreign operations, and the effective portion of related hedges, are taken to the foreign currency translation reserve. They are released to profit or loss as an adjustment to profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income and presented in the foreign currency translation reserve in equity.

1.4 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described in this note have been applied consistently to all periods presented in this financial report and have been applied consistently by all entities in the Group, except as explained in this note which addresses changes in accounting policies. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*; and
- AASB Interpretation 21 *Levies*.

The above have not had any significant impact on the Group's consolidated financial statements.

The Group has early adopted AASB 2015-2 *Amendments to AASB 101 (Presentation of Financial Statements)*. These amendments removed certain minimum disclosure requirements from AASB 101 including the removal of reference to a 'summary of significant account policies', and allowed the re-organisation and grouping of notes to the financial statements to give prominence to those areas most relevant to understanding the organisation. The amendment also encouraged entities to no longer disclose information that is not material.

1.5 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for:

- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*;
- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The Group does not plan to adopt these new standards early and the extent of their impact has yet to be determined.

SECTION 2 – PERFORMANCE FOR THE YEAR

This section focuses on the results and performance of the Group. On the following pages are disclosures explaining the Group's revenue, segment information, individually significant items, taxation and earnings per share.

2.1 – REVENUE

Accounting policy

Revenue represents the total amount received or receivable, usually in cash, for goods sold or services provided to customers and excludes sales related taxes, discounts and intra-Group transactions.

Revenue recognition criteria for the Group's key classes of revenue are as follows:

Rendering of services

- Box Office ticket revenue is recognised on the date the customer views the relevant film. When tickets are sold in advance or gift cards are sold to customers, this revenue is recorded as deferred revenue in the Statement of Financial Position until this date or expiry, whichever is earlier;
- Hotel room revenue is recognised when the room is occupied;
- Ski pass revenue is recognised as the customer uses the service. For season and other passes, revenue is recorded as deferred revenue in the Statement of Financial Position initially and is then recognised over the period that the pass is valid; and
- Entertainment technology services revenue is recognised as the service is provided to the customer.

The Group also operates loyalty programs in its cinema exhibition and hotel businesses where customers earn points when they purchase cinema tickets or stay at a qualifying hotel. These points can be redeemed by the customer at a later date for discounts on future purchases.

The consideration received from the customer who is a member of the loyalty program is allocated at the point of sale between the award points earned and the respective Box Office or hotel room revenue. This is the fair value of the points, which is adjusted to take into account the expected rates of forfeiture, and is recognised in deferred revenue in the Statement of Financial Position. The awards revenue is then recognised when the points are redeemed or expire, whichever is earlier.

Sale of goods

- Merchandise (including food and beverages) sold as part of the Group's Entertainment, Hotel, and Thredbo Alpine Resort businesses is recognised at the point of sale; and
- Entertainment technology equipment sales are recognised when equipment is fully installed and ownership passes to the customer.

Other revenue and income

- Rental revenue is recognised on a straight-line basis over the term of the lease;
- Management and consulting fees are earned from hotels managed by the Group, usually under long term contracts with the hotel owner; and
- Other revenue, including interest, dividends and profits on disposal of non-current assets, is recognised in the period to which it relates.

	2015 $'000	2014 $'000
Revenue		
Rendering of services	775,584	726,144
Sale of goods	338,144	320,435
	1,113,728	1,046,579
Other revenue		
Rental revenue	22,992	22,603
Management and consulting fees	22,352	19,006
Finance revenue	1,290	1,360
Dividends	684	614
Sundry	640	541
	47,958	44,124
Other income		
Reversal of impairment charges booked in previous years	11,400	–
Fair value gain on acquisition of an additional interest in a joint operation	–	4,905
Insurance proceeds	129	746
Increase in fair value of investment properties	1,319	624
Profit on sale of plant and equipment	128	160
	12,976	6,435
	1,174,662	1,097,138

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING

Accounting policy

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
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.

Geographical information

Also presented is information on the Group's split of revenue and non-current assets by geographic location. Geographic revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The Group operates in Australia, New Zealand, Fiji and Germany.

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2015							
Revenue and other income							
External segment revenue	437,279	86,844	310,423	251,441	58,738	15,046	1,159,771
Inter-segment revenue	5,276	–	–	–	–	–	5,276
Other income – external	–	5	–	140	23	1,992	2,160
Finance revenue							1,290
Other unallocated revenue							41
Elimination of inter-segment revenue							(5,276)
Revenue and other income before individually significant items							1,163,262
Individually significant items							11,400
Revenue and other income							1,174,662
Result							
Segment result before individually significant items	78,206	8,264	22,584	41,400	13,410	7,440	171,304
Share of net profit of equity accounted investees	370	–	2,542	–	–	–	2,912
Total segment result before individually significant items	78,576	8,264	25,126	41,400	13,410	7,440	174,216
Unallocated revenue and expenses							(15,242)
Net finance costs							(6,607)
Individually significant items							(500)
Profit before related income tax expense							151,867
Income tax expense							(42,977)
Profit after income tax expense							108,890
Amortisation and depreciation	(20,996)	(6,165)	(10,429)	(31,083)	(3,665)	(2,261)	(74,599)
Impairment write-downs of property, plant and equipment	–	–	–	(10,800)	–	(1,100)	(11,900)
Reversal of impairment write-downs made in prior years	–	–	–	11,400	–	–	11,400

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2015							
Assets							
Reportable segment assets	264,570	69,997	172,256	514,968	44,434	217,580	1,283,805
Equity accounted investments	8,028	–	3,026	–	–	–	11,054
	272,598	69,997	175,282	514,968	44,434	217,580	1,294,859
Deferred tax assets							7,869
Unallocated corporate assets							34,374
Total assets							1,337,102
Liabilities							
Reportable segment liabilities	106,901	17,010	54,957	30,275	17,410	2,052	228,605
Deferred tax liabilities							11,952
Unallocated corporate liabilities							133,641
Total liabilities							374,198
Acquisitions of non-current assets	26,459	8,699	4,218	35,586	4,207	34,260	113,429

2015 Geographical information	Australia $'000	New Zealand and Fiji $'000	Germany $'000	Consolidated $'000
External segment revenue	738,795	110,553	310,423	1,159,771
Reportable segment assets	991,008	116,173	176,624	1,283,805
Equity accounted investments	8,028	–	3,026	11,054
Acquisitions of non-current assets	98,311	10,900	4,218	113,429

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2014							
Revenue and other income							
External segment revenue	421,444	76,080	300,749	226,167	47,622	16,627	1,088,689
Inter-segment revenue	2,149	–	–	–	–	–	2,149
Other income – external	–	–	–	759	157	1,228	2,144
Finance revenue							1,360
Other unallocated revenue							40
Elimination of inter-segment revenue							(2,149)
Revenue and other income before individually significant items							1,092,233
Individually significant items							4,905
Revenue and other income							1,097,138
Result							
Segment result before individually significant items	66,571	4,230	12,569	32,759	6,525	6,734	129,388
Share of net profit/(loss) of equity accounted investees	(114)	–	2,298	–	–	–	2,184
Total segment result before individually significant items	66,457	4,230	14,867	32,759	6,525	6,734	131,572
Unallocated revenue and expenses							(16,376)
Net finance costs							(6,892)
Individually significant items							2,759
Profit before related income tax expense							111,063
Income tax expense							(32,500)
Profit after income tax expense							78,563
Amortisation and depreciation	(20,687)	(5,967)	(10,865)	(18,236)	(3,986)	(2,614)	(62,355)
Impairment write-downs of property, plant and equipment	–	–	–	–	–	–	–
Reversal of impairment write-downs made in prior years	–	–	–	–	–	–	–

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2014							
Assets							
Reportable segment assets	249,368	69,569	144,662	493,147	43,504	186,787	1,187,037
Equity accounted investments	8,658	–	2,122	–	–	–	10,780
	258,026	69,569	146,784	493,147	43,504	186,787	1,197,817
Deferred tax assets							8,343
Unallocated corporate assets							32,258
Total assets							1,238,418
Liabilities							
Reportable segment liabilities	83,572	17,357	48,882	27,479	12,460	2,163	191,913
Deferred tax liabilities							11,722
Unallocated corporate liabilities							114,428
Total liabilities							318,063
Acquisitions of non-current assets	21,796	5,064	14,029	32,152	3,401	17,961	94,403

2014

Geographical information	Australia $'000	New Zealand and Fiji $'000	Germany $'000	Consolidated $'000
External segment revenue	688,123	99,817	300,749	1,088,689
Reportable segment assets	929,580	112,795	144,662	1,187,037
Equity accounted investments	8,658	–	2,122	10,780
Acquisitions of non-current assets	74,584	5,790	14,029	94,403

2.3 – INDIVIDUALLY SIGNIFICANT ITEMS

Profit before income tax expense includes the following revenues/(expenses) whose disclosure is relevant in explaining the financial performance of the Group:

	2015 $'000	2014 $'000
Impairments of land, buildings and plant and equipment	(11,900)	–
Reversal of impairment charges booked in previous years	11,400	–
Fair value gain on acquisition of an additional interest in a joint operation	–	4,905
Redundancy costs incurred in relation to cinema digitisation and other non-recurring costs	–	(2,146)
	(500)	2,759

2.4 – TAXATION

Accounting policy

Income tax expense in the Income Statement for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Company and its Australian wholly owned subsidiaries are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. Amalgamated Holdings Limited is the head entity within the tax consolidated group.

Deferred tax

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The following temporary differences are not provided for:

- taxable temporary differences on the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.

The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

The Group has unrecognised deferred tax assets in respect of certain foreign tax revenue losses as disclosed on page 43. The utilisation of the tax revenue losses is dependent upon the generation of sufficient future taxable profits within the applicable foreign tax entities and a deferred tax asset is only recognised to the extent that it is supported by sufficient forecast taxable profits. Assumptions regarding the generation of future taxable profits relevant to those foreign tax entities has been based upon management's budget estimates and forecasts. Management considers that the forecast of taxable profits for the applicable foreign tax entities is subject to risk and uncertainty; hence, the Group has not recognised all of the losses as a deferred tax asset.

SECTION 2 – PERFORMANCE FOR THE YEAR

2.4 – TAXATION (continued)	2015 $'000	2014 $'000
Income tax expense		
The major components of income tax expense are:		
Income tax recognised in profit or loss	42,977	32,500
Current income tax		
Current income tax expense	44,630	27,522
Adjustments in respect of current income tax of prior year	(1,410)	1,068
Deferred income tax		
Relating to origination and reversal of temporary differences	(243)	3,910
Income tax expense reported in the Income Statement	42,977	32,500
Income tax charged/(credited) directly in equity		
Deferred income tax related to items charged/(credited) directly in equity:		
Relating to other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	6	(2)
Unrealised gain on available-for-sale financial assets	807	1,172
Currency translation movements of deferred tax balances of foreign operations	217	199
Net loss on hedge of net investment in overseas subsidiaries	(110)	(207)
	920	1,162
Relating to other equity balances		
Adjustment to shared-based payments reserve	27	(51)
Income tax expense reported in equity	947	1,111
Reconciliation between income tax expense and pre-tax profit		
A reconciliation between income 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	151,867	111,063
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2014: 30%) on accounting profit	45,560	33,319
Increase in income tax expense due to:		
Non-deductible items and losses in non-resident controlled entities	1,284	2,785
Amortisation of management rights and other intangible assets	807	821
Depreciation and amortisation of buildings	354	369
Adjustment of deferred tax balance relating to leasehold improvements	600	–
Non-deductible acquisition and legal costs	128	44
Non-refundable franking credits grossed up	215	78
Dividends from equity accounted joint venture	300	–
	3,688	4,097
Decrease in income tax expense due to:		
Tax losses from prior years now recognised or utilised	2,429	2,464
Share of incorporated joint venture net profit	871	741
Share of associates' net profit	3	–
Franking credits on dividends received	717	259
Fair value adjustment on acquisition of a joint operation	–	1,471
Fair value adjustment on investment properties recognised	15	360
Loyalty scheme entitlements transferred from managed hotels	408	481
Effect of lower tax rate in New Zealand and Fiji	206	87
Sundry items	212	121
	4,861	5,984
Income tax (over)/under provided in prior year	(1,410)	1,068
	42,977	32,500

SECTION 2 – PERFORMANCE FOR THE YEAR

2.4 – TAXATION (continued)	2015 $'000	2014 $'000
Unrecognised deferred tax assets		
Revenue losses – foreign	5,663	8,044
	5,663	8,044

Included in the deferred tax assets not recognised is the gross value of tax revenue losses arising in Germany of $18,878,000 (2014: $26,813,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law. At 30 June 2015, there was no recognised deferred income tax liability (2014: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or incorporated joint venture entity.

Deferred tax assets and liabilities	Statement of Financial Position		Income Statement	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities				
Deferred tax liabilities comprise:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	23,020	21,906	1,518	1,268
Investment properties	7,880	7,325	555	7
Available-for-sale financial assets	4,474	3,667	–	–
Share of joint arrangement timing differences	157	89	422	(349)
Expenditure deductible for tax but amortised for accounting purposes	3,235	3,890	(622)	2,135
Accrued revenue	1,079	444	630	(568)
Prepayments	160	251	(92)	(53)
Interest and deferred financing costs	964	1,019	(55)	(57)
Share-based payments deductible for tax but deferred and amortised for accounting purposes	1,526	1,415	84	(369)
Unrealised foreign exchange gains not currently assessable	1,431	2,133	(592)	668
Sundry items	787	634	140	237
	44,713	42,773		
Less: Deferred tax assets of the tax consolidated group offset against deferred tax liabilities	(32,761)	(31,051)		
	11,952	11,722		
Deferred tax assets				
Deferred tax assets comprise:				
Difference in depreciation and amortisation of property, plant and equipment and intangible assets for accounting and income tax purposes	4,858	5,413	580	2,409
Share of joint arrangement timing differences	8,230	7,928	(656)	23
Provisions and accrued employee benefits not currently deductible	9,221	8,895	(421)	801
Deferred revenue	6,276	4,144	(2,149)	(422)
Accrued expenses	652	213	(442)	227
Discounted long term lease and non-interest bearing loan liabilities	34	965	933	(547)
Difference between book and tax values of residential apartment development	496	–	(496)	–
Share-based payments not currently deductible for tax	799	140	(659)	(140)
Tax losses carried forward	7,504	8,172	116	101
Capital losses offsetting unrealised capital gains	–	424	424	(72)
Unrealised foreign exchange losses not currently deductible	1,911	2,701	790	(1,564)
Sundry items	649	399	(251)	175
	40,630	39,394		
Less: Deferred tax liabilities of the tax consolidated group offset against deferred tax assets	(32,761)	(31,051)		
	7,869	8,343		
Deferred tax (benefit)/expense			(243)	3,910

2.5 – EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period attributable to members of the Company by the weighted average number of ordinary shares of the Company.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2015 $'000	2014 $'000
Profit attributable to ordinary shareholders (basic and diluted)	108,890	78,563
	Number	Number
Weighted average number of ordinary shares (basic)	158,024,304	157,950,609
Effect of performance shares and performance rights	2,307,696	2,180,690
Weighted average number of ordinary shares (diluted)	160,332,000	160,131,299

Further details in relation to the Executive Performance Share Plan and Executive Performance Rights Plan are provided in Note 6.1.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in Note 2.4.

On the following pages, there are sections covering working capital balances, property, plant and equipment, investment properties, intangible assets and provisions.

3.1 – TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value, and subsequently at the amounts considered recoverable (amortised cost). Where the payment terms for the sale of an asset are deferred, the receivable is discounted using the prevailing rate for a similar instrument of an issuer with similar credit terms. The unwinding of the discount is treated as finance revenue.

Trade receivables are non-interest bearing and are generally on 30 – 90 day terms. The Group's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 4.5.

Estimates are used in determining the level of receivables that will not be collected, and these estimates take into account factors such as historical experience. Allowances are made for impairment losses when there is sufficient evidence that the Group will not be able to collect all amounts due. These allowances are made until such time that the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the asset directly.

The carrying value of trade and other receivables is considered to approximate fair value.

Receivables are stated with the amount of GST or equivalent tax included.

	2015 $'000	2014 $'000
Current		
Trade receivables	27,028	23,672
Less: Allowance for trade receivables	(356)	(447)
	26,672	23,225
Other receivables	20,520	21,933
Receivable from joint ventures and joint operation partners	–	2,972
	47,192	48,130
Non-current		
Other receivables	1,000	1,000
Receivable from associates	43	43
Present value of loans provided under the Employee Share Plan	55	63
	1,098	1,106

As at 30 June 2015, trade receivables with a value of $356,000 (2014: $447,000) were impaired and fully provided for. The movement in the provision is not considered material.

As at 30 June 2015, trade receivables for the Group that were past due but not impaired were $5,075,000 (2014: $4,516,000), of which $2,847,000 (2014: $1,867,000) was less than 30 days overdue. The remainder is not considered material and consequently an ageing analysis has not been provided.

Other current receivables of $20,520,000 (2014: $21,933,000) do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be recovered when due.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.2 – INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Work in progress is valued at cost. Cost is based on the first-in-first-out principle and includes expenditure incurred in bringing inventories to their existing condition and location.

3.3 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Property, plant and equipment are the physical assets used by the Group to generate revenue and profits. These assets include land and buildings, and plant and equipment. Property, plant and equipment are recognised at cost (which is the amount initially paid for them) less accumulated depreciation (the estimate of annual wear and tear) and impairment losses.

The Group leases properties in the normal course of business, principally to conduct its cinema exhibition businesses. On inception of a lease the estimated cost of decommissioning any additions to these properties (known as leasehold improvements) is included within property, plant and equipment and depreciated over the lease term. A corresponding provision is set up as disclosed in Note 3.7.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for separately.

Depreciation is charged to the Income Statement on a straight-line basis over the asset's estimated useful life. The major categories of property, plant and equipment are depreciated as follows:

• Plant and equipment	3 – 20 years
• Buildings and improvements subject to long term leases	Shorter of estimated useful life and term of lease
• Freehold buildings	40 – 80 years
• Resort apartments and share of common property	40 – 80 years

Freehold land and land subject to long term leases are not depreciated. Similarly, assets under construction (classified as capital work in progress) are not depreciated until they come into use, when they are transferred to buildings or plant and equipment as appropriate.

Impairment of property, plant and equipment

Property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance.

The process of impairment testing is to estimate the recoverable amount of the assets concerned, and recognise an impairment loss in the Income Statement whenever the carrying amount of those assets exceeds the recoverable amount.

Impairment testing of property, plant and equipment is performed at an individual hotel or cinema site level, with the exception of cinema sites within a single geographic location, which are tested as one cash generating unit. Details regarding impairment testing performed at 30 June 2015 is set out below.

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings $'000	Land subject to long term leases $'000	Building and improvements subject to long term leases $'000	Resort apartments and share of common property $'000	Plant and equipment $'000	Leased plant and equipment $'000	Capital work in progress $'000	Total $'000
2015								
Gross balance at the beginning of the year	562,630	56	287,428	31,860	651,901	–	39,745	1,573,620
Accumulated depreciation, amortisation and impairments at the beginning of the year	(95,360)	–	(178,486)	(11,780)	(426,335)	–	–	(711,961)
Net balance at the beginning of the year	467,270	56	108,942	20,080	225,566	–	39,745	861,659
Additions	4,345	–	16,680	–	21,723	–	61,541	104,289
Additions from acquisitions	2,323	–	867	–	1,958	–	–	5,148
Transfers	10,629	–	2,424	7	13,735	–	(24,401)	2,394
Disposals	(8)	–	(18)	–	(1,796)	–	–	(1,822)
Depreciation	(6,547)	–	(11,502)	(411)	(37,841)	–	–	(56,301)
Impairment	6,830	–	–	(6,230)	(1,100)	–	–	(500)
Effect of movement in foreign exchange	(784)	–	(907)	–	(1,329)	–	95	(2,925)
At 30 June 2015	484,058	56	116,486	13,446	220,916	–	76,980	911,942
2014								
Gross balance at the beginning of the year	542,682	56	265,787	31,898	624,268	3,871	36,755	1,505,317
Accumulated depreciation, amortisation and impairments at the beginning of the year	(88,701)	–	(163,531)	(11,370)	(399,991)	(3,838)	–	(667,431)
Net balance at the beginning of the year	453,981	56	102,256	20,528	224,277	33	36,755	837,886
Additions	133	–	15,288	13	13,631	–	42,313	71,378
Transfers	16,861	–	1,260	(50)	21,521	–	(39,834)	(242)
Disposals	(53)	–	(46)	–	(480)	–	–	(579)
Depreciation	(6,192)	–	(11,773)	(411)	(37,812)	(33)	–	(56,221)
Effect of movement in foreign exchange	2,540	–	1,957	–	4,429	–	511	9,437
At 30 June 2014	467,270	56	108,942	20,080	225,566	–	39,745	861,659

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

Independent valuations of interest in land and buildings

In assessing current values for the Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, directors have relied upon independent valuations from registered qualified valuers. Except for investment properties, which are revalued every half year (refer to Note 3.4), valuations are generally carried out on a progressive three year cycle. The last valuations were completed as at June 2015, June 2013 and February 2013.

Measurement of fair values

Amounts disclosed below represent the fair value of the Group's interest in land and buildings, excluding investment properties, as determined at the time of the most recent independent valuation report. Independent registered qualified valuers are engaged to perform the valuations. The values are determined based on the highest and best use of each property. In most cases, the existing use is the highest and best use and values are determined on a going concern basis. For certain properties, the highest and best use may differ from the current use, and consideration may be given to the development of such properties at an appropriate time in the future in order to realise the full value of the property.

This fair value disclosure has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Going concern value is based on capitalisation and discounted cash flow methodologies, and significant unobservable inputs include the forecast net income for each property, and the capitalisation and discount rates used in determining fair value. In the most recent valuations, capitalisation rates utilised ranged from 6.00% to 14.00% and discount rates utilised ranged from 9.75% to 13.75% per annum. For certain sites where the going concern value was not the highest and best use, fair value was determined using a direct comparison methodology with reference to recent sales of similar properties.

The fair values determined by the independent registered qualified valuers are sensitive to changes in these significant unobservable inputs. Overall, however, the fair value of the Group's interest in land and buildings, excluding investment properties, is significantly higher than the book value of these interests as noted below.

		2015 $'000	2014 $'000
Most recent valuations of interest in land and buildings, excluding investment properties			
A summary of recent independent valuations, by year of the last valuation, is set out as follows:			
Existing use is highest and best use			
Independent valuation	– 2015	625,183	–
	– 2013	310,400	336,464
	– 2012	–	509,075
		935,583	845,539
Alternate use is highest and best use			
Independent valuation	– 2015	110,700	–
	– 2012	–	40,300
Land and buildings not independently valued			
Book value of land and buildings not independently valued		74,596	25,847
		1,120,879	911,686

The book value of the above interests at 30 June 2015 was $715,014,000 (2014: $680,685,000). The written-down book value of plant and equipment which is deemed integral to land and buildings, has been determined to total approximately $113,475,000 as at 30 June 2015 (2014: $115,700,000).

The above valuations do not take into account the potential impact of capital gains tax.

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment considerations at 30 June 2015

The trading performance of certain hotel properties caused the Group to assess their recoverable amount. Hotel properties are treated as separate cash-generating units and their recoverable values were estimated based on their value in use. In determining the estimated value in use, discount rates in the range of pre-tax 10.36% to 11.46% (2014: 9.77% to 12.38%) per annum were used. Cash flows were projected based on operating forecasts, with longer term cash flows, after the initial forecast periods, extrapolated using average expected growth rates in the range of 1.5% to 2.5% (2014: 3.0%) per annum. As a result of these assessments, impairment losses totalling $10,800,000 (2014: $nil) were recognised in respect of hotel properties.

For hotels that had been subject to impairments in previous years, the trading performance and recoverable amount was also reviewed during the year. For certain hotels the trading performance, since an initial impairment was booked, has improved to the extent that the recoverable amount was above the book value of the impaired hotel assets. As a result, the impairment charges booked in previous years were reversed to the extent available. Impairment reversals totalling $11,400,000 (initial total impairment charges of $12,683,000) were recognised in respect of hotel properties. The recoverable amount was based on the most recent independent valuation as outlined above.

Given the long-life nature of these assets, the estimates of their recoverable value in use are particularly sensitive to changes in certain key assumptions. Although all assumptions used are considered to be appropriate at this time, an increase of one percentage point in the discount rate, for the hotel properties assessed would increase the impairment loss by $4,579,000. A 10% decrease in the forecast earnings would increase the impairment loss by $2,645,000.

The trading performance of certain cinema sites caused the Group to assess their recoverable amount. No impairment losses were recorded as a result of this assessment (2014: $nil).

An impairment review was also undertaken for corporate assets and impairment losses totalling $1,100,000 were recognised in relation to plant and equipment at the Company's current registered office. These impairments arose due to the planned relocation of the Group's head office and the impairment was determined by conducting a line-by-line assessment of the recoverable value of plant and equipment as detailed in the Group's asset registers.

Security

The following assets, whose carrying values are listed below, are subject to mortgage security to secure the Group's bank loan facilities (refer to Note 4.5):

	2015 $'000	2014 $'000
Freehold land and buildings	234,397	229,636
Freehold land and buildings classified as investment properties	18,650	18,650
	253,047	248,286

Capital commitments

	2015 $'000	2014 $'000
Capital expenditure commitments contracted but not provided for and payable	40,374	1,803

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.4 – INVESTMENT PROPERTIES

Accounting policy

Investment properties comprise land and buildings which are held for long term rental yields or for capital appreciation, or both, and are not occupied by the Group in the ordinary course of business or for administration purposes. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value with any change therein recognised in profit or loss. Property that is being constructed or redeveloped for future use as an investment property is also measured at fair value (unless a fair value cannot be reliably determined).

When the use of a property changes from owner occupied to investment property, the property is reclassified as an investment property. Any difference at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised directly to the investment property revaluation reserve if it is an increase and to profit or loss if it is a decrease. A gain may be recognised to profit on remeasurement only to the extent it reverses a previous impairment loss on the property.

Transfers are made from investment properties to inventories when there is a change in use as evidenced by the commencement of development with a view to sell. Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in profit or loss in the period of derecognition.

Fair value of investment properties

Investment properties are independently revalued to fair value each reporting period, with any gain or loss arising on remeasurement being recognised in profit or loss. The fair value of investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. In assessing the fair value of properties, a number of assumptions are made at the end of each reporting period regarding future cash flows, future property market economic conditions and other factors including cash flow discount rates, rental capitalisation rates, and recent market transactions for similar properties.

The carrying amount of investment properties is the fair value of the properties as determined by an independent registered qualified valuer.

Significant unobservable inputs used in measuring the fair value of the properties are as follows. For three of the four investment properties held by the Group at 30 June 2015, the valuer used capitalisation rates on reversionary rental yields in the range of 7.00% to 9.00% (2014: 6.75% to 9.00%) to determine fair values. For the remaining investment property, the valuer concluded that the appropriate fair value was best determined through categorising each property as a future development site. To derive the fair value for those investment properties, the valuer has utilised a direct comparison method based on the current unimproved land value of the properties. The valuation for those properties has been adjusted by the estimated demolition costs associated with the property.

Investment properties comprise a number of commercial properties that are leased to third parties and which are held to derive rental income or capital appreciation or both. Each of the leases for investment properties contains an initial non-cancellable period of between five to 15 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged for these investment properties.

During the financial year ended 30 June 2015, $6,343,000 (2014: $6,027,000) was recognised as rental income for investment properties in the Income Statement with $1,422,000 (2014: $1,538,000) incurred in respect of direct costs, including $247,000 (2014: $212,000) for repairs and maintenance.

Freehold land and buildings	2015 $'000	2014 $'000
At fair value (Level 3 fair values)	71,050	72,300
Summary of movements:		
Balance at the beginning of the year	72,300	69,500
Additions	31	2,176
Net transfer to property, plant and equipment	(2,600)	–
Fair value increments recognised in other income	1,319	624
Balance at the end of the year	71,050	72,300

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.5 – GOODWILL AND OTHER INTANGIBLE ASSETS

Accounting policy

Goodwill

Goodwill arises from business combinations as described in Note 5.1 and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but instead is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is allocated to cash-generating units, and impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised in respect of goodwill cannot be reversed.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying amount of the investment in the associate or joint venture.

Construction rights

Construction rights relate to the Group's ability to develop accommodation in the Thredbo Alpine Resort. Construction rights are recognised at cost and are derecognised as the rights are either sold or developed. The carrying value of construction rights is reviewed annually. Any amounts no longer considered recoverable are written off, with the impairment loss recorded in profit or loss.

Other intangible assets

Other intangible assets, which largely comprise management and leasehold rights and software, are stated at cost less accumulated amortisation and impairment losses.

Management and leasehold rights are amortised over the life of the agreements, which range from 10 to 20 years, on a straight-line basis.

Software for major operating systems is amortised over a four to five year period on a straight-line basis.

Impairment

The carrying amounts of the Group's non-financial assets, other than investment properties (see Note 3.4), are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of assets or cash-generating units is the greater of its fair value less costs to sell, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro-rata basis.

Impairment losses are recognised in profit or loss unless the asset or its cash-generating unit has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation, with any excess recognised in profit or loss.

An impairment loss in respect of goodwill cannot be reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 – GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Reconciliations

Summaries of the carrying amount movements of each class of intangible assets between the beginning and end of the year are set out below:

	Goodwill $'000	Construction rights $'000	Liquor licences $'000	Management and leasehold rights $'000	Software $'000	Total $'000
2015						
Gross balance at the beginning of the year	50,807	1,388	189	41,466	29,663	123,513
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(9,951)	(21,777)	(31,728)
Net balance at the beginning of the year	50,807	1,388	189	31,515	7,886	91,785
Acquisitions and initial contributions	651	–	7	1,868	1,435	3,961
Transfer from PPE	–	–	–	–	206	206
Amortisation	–	–	–	(3,047)	(2,706)	(5,753)
Disposals	–	–	–	(60)	–	(60)
Net foreign currency differences on translation of foreign operations	(523)	–	–	(80)	19	(584)
Net balance at the end of the year	50,935	1,388	196	30,196	6,840	89,555
2014						
Gross balance at the beginning of the year	49,697	1,388	189	27,304	9,648	88,226
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(7,350)	(5,106)	(12,456)
Net balance at the beginning of the year	49,697	1,388	189	19,954	4,542	75,770
Acquisitions and initial contributions	–	–	–	13,892	5,875	19,767
Amortisation	–	–	–	(2,511)	(2,545)	(5,056)
Net foreign currency differences on translation of foreign operations	1,110	–	–	180	(19)	1,271
Adjustments	–	–	–	–	33	33
Net balance at the end of the year	50,807	1,388	189	31,515	7,886	91,785

Impairment losses recognised

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2015 (2014: $nil).

	2015 $'000	2014 $'000
Impairment tests for cash-generating units containing goodwill		
The following units have carrying amounts of goodwill:		
Entertainment – Australia	33,260	33,263
Entertainment – New Zealand and Fiji	10,938	10,830
Entertainment – Germany	3,743	3,721
Multiple units without significant goodwill	2,994	2,993
	50,935	50,807

The recoverable value of goodwill relating to the exhibition business in Australia and New Zealand, and goodwill relating to the Group's share of a cinema joint venture in Germany, has been determined by value in use calculations. This calculation uses cash flow projections based on operating forecasts and projected five year results, with cash flows beyond the five year period being projected using a per annum growth rate of negative 2.5% to 2%, which is considered appropriate given economic indicators and the expected long term increase in revenue and operating costs in these markets. Pre-tax discount rates of 10.0% to 12.0% (2014: 11.25% to 12.0%) per annum have been used in discounting the projected cash flows. In management's assessment, there are no reasonable possible changes in assumptions that would give rise to an impairment.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.6 – TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost. Trade accounts payable are normally non-interest bearing and settled within 30 days. Payables are stated with the amount of GST or equivalent tax included.

The carrying value of trade and other payables is considered to approximate fair value.

	2015 $'000	2014 $'000
Trade payables	23,492	25,106
Other payables and accruals	73,840	56,037
	97,332	81,143

3.7 – PROVISIONS

Accounting policy

Employee benefits
Provision is made for employee benefits including annual leave and long service leave for employees. The provision is calculated as the present value of the Group's net obligation to pay such benefits resulting from the employees' services provided up to the reporting date. The provisions due or available to be settled within 12 months have been calculated at undiscounted amounts based on the remuneration rates the employer expects to pay after the reporting date and includes related on-costs.

The liability for employees' benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

Liabilities for employee benefits which are not due to be settled within 12 months are discounted using the rates attaching to national government securities at reporting date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration has been given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

Insurance loss contingencies and other claims
The insurance loss contingencies and other claims provision relates to estimated costs to be incurred in respect of various claims that are expected to be settled within 12 months of the balance date.

Decommissioning of leasehold improvements
A provision for the estimated cost of decommissioning leasehold improvements is made where a legal or constructive obligation exists.

In determining the provision for decommissioning costs, an assessment is made for each location of the likelihood and amount of the decommissioning costs to be incurred in the future. The estimated future liability is discounted to a present value, with the discount amount unwinding over the life of the leasehold asset as a finance cost in profit or loss. The estimated decommissioning cost recognised as a provision is included as part of the cost of the leasehold improvements at the time of installation or during the term of the lease, as the liability for decommissioning is reassessed. This amount capitalised is then depreciated over the life of the asset.

The decommissioning of leasehold improvements provision has been raised in respect of "make-good" obligations under long term lease contracts for various cinema sites. In determining the provision, an assessment has been made, for each location, of the likelihood that a decommissioning cost will be incurred in the future and, where applicable, the level of costs to be incurred. Uncertainty exists in estimating the level of costs to be incurred in the future because of the long term nature of cinema leases. The basis of accounting is set out in Note 3.3.

Other
Other provisions are recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.7 – PROVISIONS (continued)

	2015 $'000	2014 $'000
Current		
Employee benefits	18,423	16,798
Insurance loss contingencies and other claims	218	269
Decommissioning of leasehold improvements	200	–
	18,841	17,067
Non-current		
Employee benefits	2,013	1,964
Decommissioning of leasehold improvements	8,518	8,582
	10,531	10,546

Movements in provisions

Movements in the carrying amounts of each class of provisions, except for employee benefits, are set out below:

	2015 $'000	2014 $'000
Insurance loss contingencies and other claims		
Carrying amount at the beginning of the year	269	913
Payments	(12)	(8)
Provided	14	12
Reversed	(50)	(648)
Net foreign currency differences on translation of foreign operations	(3)	–
Carrying amount at the end of the year	218	269
Decommissioning of leasehold improvements		
Carrying amount at the beginning of the year	8,582	8,563
Provided	200	–
Reversed	(103)	(269)
Notional interest	60	59
Net foreign currency differences on translation of foreign operations	(21)	229
Carrying amount at the end of the year	8,718	8,582

3.8 – OTHER LIABILITIES

Other liabilities include contract deposits received in advance and deferred lease incentive balances arising from operating leases. Refer to Note 7.1 for further details regarding operating lease arrangements.

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

This section outlines the Group's capital structure, including how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt).

On the following pages, there are sections on the Group's share capital, dividends, reserves, loans and borrowings, and financial risk management.

4.1 – SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

The Company does not have authorised capital or par value in respect of its issued shares.

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.

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Share capital				
Fully paid ordinary shares	158,106,883	157,985,750	219,126	219,126
Movements in share capital				
Balance at the beginning of the year	157,985,750	157,902,929	219,126	219,126
Performance shares exercised and withdrawn from the trust	121,133	82,821	–	–
Balance at the end of the year	158,106,883	157,985,750	219,126	219,126
Share capital consists of:				
Ordinary shares	157,941,764	157,809,455		
Tax Exempt Share Plan shares	49,499	55,075		
Employee Share Plan shares	115,620	121,220		
	158,106,883	157,985,750		
Treasury shares				
Performance shares	2,453,040	2,574,173		
	160,559,923	160,559,923		

Share buy-back
There is no current on-market buy-back.

Dividend Reinvestment Plan
The Dividend Reinvestment Plan was suspended in August 2010.

Treasury shares
Treasury shares consist of shares held in trust in relation to the Group's Executive Performance Share Plan. As at 30 June 2015, a total of 2,453,040 (2014: 2,574,173) shares were held in trust and classified as treasury shares. Information relating to the Group's share-based payment arrangements is set out in Note 6.1.

Options
There are no share options on issue as at 30 June 2015 (2014: nil).

Capital management
The Group manages its capital with the objective of maintaining a strong capital base so as to maintain investor, creditor and market confidence and to have the capacity to take advantage of opportunities that will enhance the existing businesses and enable future growth and expansion. The Board monitors the return on capital, which the Group defines as operating profit after income tax divided by shareholders' equity and long term debt. The Board also monitors the Group's gearing ratio, being net debt divided by shareholders' equity.

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

4.1 – SHARE CAPITAL (continued)

It is recognised that the Group operates in business segments in which operating results may be subject to volatility and the Board continuously reviews the capital structure to ensure sufficient:

- surplus funding capacity is available;
- funds are available for capital expenditure and to implement longer term business development strategies; and
- funds are available to maintain appropriate dividend levels.

There were no changes in the Group's approach to capital management during the year. No Group entity is subject to externally imposed capital requirements.

4.2 – DIVIDENDS

Dividends on ordinary shares paid during the year were:

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid during the year are:					
2015					
Final 2014 dividend	27	43,351	18 September 2014	30%	100%
Interim 2015 dividend	16	25,690	19 March 2015	30%	100%
		69,041			
2014					
Final 2013 dividend	27	43,351	19 September 2013	30%	100%
Interim 2014 dividend	15	24,084	20 March 2014	30%	100%
		67,435			

Subsequent events

Since the end of the financial year, the directors declared the following dividends:

Final 2015 dividend	29	46,562	17 September 2015	30%	100%
Special dividend	8	12,845	17 September 2015	30%	100%

The financial effect of the final dividend in respect of the year has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements.

	2015 $'000	2014 $'000
Franking credit balance		
The amount of franking credits available for future reporting periods	134,365	125,092

The impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period is to reduce the balance by $25,460,000 (2014: $18,579,000). The ability to utilise franking credits is dependent upon the Company being in a sufficient positive net asset position and also having adequate available cash flow liquidity.

4.3 – RESERVES

Available-for-sale financial assets revaluation reserve

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets. Amounts are recognised in the Income Statement when the associated assets are sold or impaired.

Investment property revaluation reserve

This reserve relates to property that has been reclassified as an investment property and represents the cumulative increase in the fair value of the property at the date of reclassification.

Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based payments reserve

This reserve includes the cumulative fair value of the executive performance shares and performance rights which have been recognised as an employee expense in the Income Statement. See Note 6.1 for further details regarding share-based payment arrangements.

Foreign currency translation reserve

This reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge the Group's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation and the Group's share of associates' increment or decrement in their foreign currency translation reserve.

Movements in reserves during the year	Available-for-sale financial assets revaluation $'000	Investment property revaluation $'000	Hedging $'000	Share-based payments $'000	Foreign currency translation $'000	Total $'000
At 1 July 2014	12,141	5,121	(4)	14,847	405	32,510
Movement in fair value of available-for-sale financial assets – net of tax	1,884	–	–	–	–	1,884
Movement in fair value of cash flow hedging instruments – net of tax	–	–	14	–	–	14
Amount recognised in the Income Statement as an employee expense	–	–	–	1,890	–	1,890
Currency translation adjustment on controlled entities' financial statements	–	–	–	–	(1,139)	(1,139)
Other adjustments	–	–	–	51	–	51
At 30 June 2015	14,025	5,121	10	16,788	(734)	35,210

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

4.4 – LOANS, BORROWINGS AND FINANCING ARRANGEMENTS

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Borrowings

Interest bearing and non-interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method. The carrying value of loans and borrowings is considered to approximate fair value.

Finance costs

Finance costs include interest, unwinding of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Bank debt – secured

The Group's secured bank debt facilities comprise the following:
- A$350,000,000 revolving multi-currency loan facility;
- A$30,000,000 credit support facility (for the issue of letters of credit and bank guarantees); and
- a A$50,000 overdraft limit to support its transactional banking facilities.

The above facilities were extended during the year and 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 30 June 2015, the Group had drawn $113,126,000 (2014: $105,757,000) under the debt facilities, of which $nil (2014: $nil) was subject to interest rate swaps used for hedging, and had drawn $7,304,547 under the credit support facility (2014: $7,559,000).

Other loans – secured

Certain wholly owned German subsidiaries have arranged secured debt facilities comprising of the following:
- €5,000,000 (A$7,282,000) revolving three year loan facility; and
- €17,000,000 (A$24,760,000) five year guarantee facility (for the issue of letters of credit and bank guarantees).

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 30 June 2015, the Group had drawn €nil (A$nil) (2014: €nil (A$nil)) under the revolving three year loan facility and €12,684,000(A$18,473,000) (2014: €11,496,000 (A$16,646,000)) under the five year guarantee 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$3,753,000) five year advance facility. At 30 June 2015, the Group's share of debt drawn under this facility was FJ$3,745,000 (A$2,322,000) (2014: FJ$3,928,000 (A$2,270,000)). These facilities are secured against a specific property in Fiji.

Loans and borrowings		2015 $'000	2014 $'000
Current			
Non-interest bearing loans			
Loans from other companies	– unsecured	990	766
Non-current			
Interest bearing liabilities and borrowings			
Bank loans	– secured	115,448	108,027
Deferred financing costs		(943)	(767)
		114,505	107,260
Non-interest bearing loans			
Loans from other companies	– unsecured	3,580	2,369
		118,085	109,629

4.5 – FINANCIAL RISK MANAGEMENT

Derivative financial instruments

From time to time, the Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating activities, investing activities and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised at fair value within prepayments and other current assets. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

Bank mark-to-market valuations have been used to determine the fair value of interest rate swaps and forward exchange contracts. These have been back tested against valuations generated by the Group's treasury system pricing module, using market quoted data as at 30 June. The system uses discounted cash flow techniques to value financial instruments. The Group uses a bank quoted interest rate swap curve as at 30 June plus assessed risk factors/credit spread to discount financial instruments.

Available-for-sale financial assets

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Available-for-sale financial assets comprise marketable equity securities.

For investments that are actively traded in organised financial markets, fair value is determined by reference to securities exchange quoted market bid prices at the close of business at reporting date.

Gains or losses on available-for-sale financial assets are recognised as a separate component of equity in the available-for-sale financial assets revaluation reserve until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss. An impairment loss recognised in profit or loss in respect of an available-for-sale investment is reversed through profit or loss to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

	2015 $'000	2014 $'000
Available-for-sale financial assets		
Investment in a listed company	19,972	17,281

The Group's investment is in a company listed on the ASX. No reasonably possible change in the share price of this company would have a material effect on the available-for-sale financial assets balance or the related revaluation reserve at the reporting date.

Financial risk

The Group's exposure to financial risks, objectives, policies and processes for managing the risks including methods used to measure the risks, and the management of capital are presented below.

The Group's activities expose it to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk, including interest rate and foreign exchange risks.

4.5 – FINANCIAL RISK MANAGEMENT (continued)

The Board has overall responsibility for the oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly and modified as appropriate to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee oversees how management has established and monitors internal compliance and control systems and to ensure the appropriate and effective management of the above risks. The Audit and Risk Committee is assisted in its oversight role by the Internal Audit function. The Internal Audit function undertakes reviews of risk management controls and procedures in accordance with an annual plan approved by the Audit and Risk Committee. The results of these Internal Audit reviews are reported to the Audit and Risk Committee.

Credit risk

Credit risk arises from trade and other receivables outstanding, cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. It is the risk of financial loss to the Group if a customer or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables. Information regarding the Group's trade receivable balances is disclosed in Note 3.1. The Group's exposure to credit risk is not considered material.

The Group's maximum exposure to credit risk at the reporting date was considered to approximate the carrying value of receivables at the reporting date.

Investments and derivatives

Investments of surplus cash and deposits and derivative financial instruments are with banks with high credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At 30 June 2015, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position.

Guarantees

All guarantees are in respect of obligations of subsidiaries, associates, joint ventures or joint operations in which the Group has an interest, and principally relate to operating lease arrangements. The Group's operating lease commitments are disclosed in Note 7.1, and details of guarantees given by the parent entity are provided in Note 7.5.

Security deposits

Security deposits relate to the Group's operating lease arrangements. Certain lease agreements require an amount to be placed on deposit, which should then be returned to the Group at the conclusion of the lease term.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. The Group's treasury function aims to maintain flexibility in funding by maintaining committed credit lines with a number of counterparties.

The Group's financial liabilities

The contractual maturities of the Group's financial liabilities, including interest payments and excluding the impact of netting agreements, are as follows:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	Between 6 to 12 months $'000	Between 1 to 2 year(s) $'000	Between 2 to 5 years $'000	Over 5 years $'000
2015							
Non-derivative financial liabilities							
Secured bank loans	115,448	(125,496)	(2,242)	(2,264)	(4,602)	(116,388)	–
Unsecured non-interest bearing loans from other companies	4,570	(4,570)	(494)	(494)	(973)	(1,893)	(716)
Trade payables	23,490	(23,490)	(23,490)	–	–	–	–
Other payables and accruals	73,842	(73,842)	(73,842)	–	–	–	–
Derivative financial assets							
Forward exchange contracts	(14)	14	14	–	–	–	–
	217,336	(227,384)	(100,054)	(2,758)	(5,575)	(118,281)	(716)

4.5 – FINANCIAL RISK MANAGEMENT (continued)

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	Between 6 to 12 months $'000	Between 1 to 2 year(s) $'000	Between 2 to 5 years $'000	Over 5 years $'000
2014							
Non-derivative financial liabilities							
Secured bank loans	108,027	(114,269)	(2,806)	(2,933)	(106,146)	(2,384)	–
Unsecured non-interest bearing loans from other companies	3,135	(3,135)	(383)	(383)	(542)	(1,247)	(580)
Trade payables	25,106	(25,106)	(25,106)	–	–	–	–
Other payables and accruals	56,037	(56,037)	(56,037)	–	–	–	–
Derivative financial liabilities							
Forward exchange contracts	6	(6)	(6)	–	–	–	–
	192,311	(198,553)	(84,338)	(3,316)	(106,688)	(3,631)	(580)

For derivative financial assets and liabilities, maturities detailed in the table above approximate periods that cash flows and the impact on profit are expected to occur.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Group uses derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge exposures to fluctuations in interest rates and foreign exchange rates. Derivatives are used exclusively for hedging purposes and are not traded or used as speculative instruments. This is carried out under Board approved treasury policies.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is recognised in other comprehensive income and presented in equity in the hedging reserve. The ineffective portion is recognised immediately in profit or loss.

Interest rate risk

The Group manages interest rate exposures on borrowings in accordance with a Board approved treasury policy that specifies parameters for hedging including hedging percentages and approved hedging instruments. The policy specifies upper and lower hedging limits set for specific timeframes out to five years. These limits may be varied with the approval of the Board.

At reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2015 $'000	2014 $'000
Fixed rate instruments		
Financial assets	–	–
Financial liabilities	–	–
	–	–
Variable rate instruments		
Financial assets	127,310	85,407
Financial liabilities	(115,448)	(108,027)
	11,862	(22,620)

The Group manages interest rate risk in accordance with a Board approved treasury policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. Due to the current low level of Group debt there were no outstanding interest rate hedges at 30 June 2015 (2014: no interest rate hedges).

4.5 – FINANCIAL RISK MANAGEMENT (continued)

The Group classifies interest rate swaps as cash flow hedges and recognises them at fair value in the Statement of Financial Position.

The Group accounts for fixed rate financial assets and liabilities at fair value. The Group had no fixed rate instruments for the year ended 30 June 2015 (2014: no fixed rate instruments) and accordingly no sensitivity analysis has been prepared in the current or prior year.

Foreign exchange risk

The Group is exposed to currency risk on purchases, borrowings and surplus funds that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar ("AUD"), but also the New Zealand dollar ("NZD"), Euro ("EUR") and Great British pound ("GBP"). Transactions undertaken by Group entities are primarily denominated in AUD, NZD, EUR and the US dollar ("USD").

The Group manages foreign currency exposures in accordance with a Board approved treasury policy that specifies parameters for hedging, including hedging percentages and approved hedging instruments. At any point in time, the Group hedges up to 60% of "highly probable" foreign currency exposures and 100% of confirmed foreign currency exposures. Typically, foreign currency exposures are hedged with the utilisation of forward exchange contracts.

The Group's exposure to foreign currency risk in AUD equivalents at the reporting date was as follows, based on notional amounts:

	2015				2014			
	NZD $'000	EUR $'000	GBP $'000	USD $'000	NZD $'000	EUR $'000	GBP $'000	USD $'000
Cash and cash equivalents	20	3,673	60	705	32	15	19	272
Trade receivables	314	–	–	–	233	–	–	–
Secured bank loans	(53,126)	–	–	–	(55,757)	–	–	–
Trade payables	(862)	–	–	–	(679)	–	–	–
Gross balance sheet exposure	(53,654)	3,673	60	705	(56,171)	15	19	272
Forward exchange contracts	–	–	–	14	–	–	–	(6)
	–	–	–	14	–	–	–	(6)
Net exposure	(53,654)	3,673	60	719	(56,171)	15	19	266

Sensitivity analysis
No reasonably possible change in prevailing foreign exchange rates would have a significant impact on the Income Statement or hedging reserve in the current or prior year.

Hedging of net investment in foreign subsidiaries
The Group's NZD denominated bank loan is designated as a hedge of the foreign currency exposure to the Group's net investment in its subsidiaries in New Zealand. The carrying amount of the loan at 30 June 2015 was $53,126,000 (2014: $55,757,000). A foreign exchange gain of $2,631,000 (2014: loss of $5,214,000) was recognised in equity on translation of the loan to AUD.

Financial instruments fair value determination method grading

Valuation methods for financial instruments carried at fair value are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets are classified as Level 1 financial instruments. Derivative financial instruments are classified as Level 2 financial instruments.

SECTION 5 – GROUP COMPOSITION

This section explains the composition of the Group.

On the following pages, there are sections on businesses acquired during the year, a list of subsidiaries, investments in associates and joint ventures, and disclosures regarding interests in other entities including cinema partnership interests.

5.1 – BUSINESS COMBINATIONS

Accounting policy

Business combinations are accounted for using the acquisition method as at the date when control is transferred to the Group. Under the acquisition method, consideration transferred in a business combination is generally measured at fair value, as are the identifiable net assets acquired. Consideration transferred includes the fair value of any contingent consideration, and share-based payment awards of the acquiree that are required to be replaced in the business combination.

The Group measures goodwill arising from the business combination at the acquisition date as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment; see Note 3.5. If the consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if the liability represents a present obligation and arises from past events, and its fair value can be measured.

The Group measures any non-controlling interest at its proportionate interest of the fair value of identifiable net assets of the acquiree.

Transaction costs incurred by the Group in connection with a business combination, such as due diligence fees, legal fees and other professional costs, are expensed as incurred.

Business combinations in the year ended 30 June 2015

The Group acquired the following businesses during the year:

Bay City Cinemas

Effective 4 December 2014, Event Cinemas Limited a wholly owned subsidiary in New Zealand acquired two cinemas in the Bay of Plenty region. The consideration paid was $8,007,000 (NZ$8,400,000).

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

	Fair value at acquisition date $'000
Plant and equipment	5,296
Other assets	118
Employee benefits	(29)
Deferred revenue	(64)
Sub-total	5,321
Goodwill, leasehold and management rights	2,686
Total net value of identifiable assets	8,007

Goodwill, leasehold and management rights

Goodwill, leasehold and management rights were recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid	8,007
Less: net value of other identifiable assets and liabilities	(5,321)
Goodwill, leasehold and management rights	2,686

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

SECTION 5 – GROUP COMPOSITION

5.1 – BUSINESS COMBINATIONS (continued)

The Group incurred direct costs relating to this acquisition of $87,000 which have been expensed in the Group's Income Statement for the period.

The Income Statement includes revenue and net profit for the year ended 30 June 2015 of $3,399,000 and $891,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the year, it is estimated that the Income Statement would have included additional revenue and net profit of approximately $1,813,000 and $325,000 respectively.

Business combinations in the year ended 30 June 2014

The Group acquired the following businesses during the prior year:

Southport cinema complex

Effective 13 November 2013, Birch, Carroll & Coyle Limited, a wholly owned subsidiary, acquired Pacific Cinemas (Southport) Pty Limited, which owns the 49% interest in the Southport 6 Cinemas Joint Venture cinema complex not already owned by the Group taking the ownership interest in this leasehold site to 100%. Southport is located in the Gold Coast, Queensland. The consideration paid for this 49% interest was $5,969,000.

In accordance with AASB 3 *Business Combinations*, the Group's existing 51% interest in the Southport 6 Cinemas Joint Venture was remeasured to its fair value, resulting in a gain of $4,905,000 in the year ended 30 June 2014.

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

	Fair value at acquisition date $'000
Plant and equipment	2,378
Other assets	281
Deferred tax assets	15
Employee benefits	(51)
Deferred revenue	(59)
Sub-total	2,564
Leasehold and management rights	9,614
Total net value of identifiable assets	12,178

Leasehold and management rights

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

	$'000
Total cash consideration paid	5,969
Fair value of 51% interest in Southport already owned	6,209
Sub-total	12,178
Less: net value of other identifiable assets and liabilities	(2,564)
Leasehold and management rights	9,614

Leasehold and management rights will be amortised over the remaining term of the lease for the site. 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 $59,000 which have been expensed in the Group's Income Statement for the period. The Income Statement includes revenue and net profit for the year ended 30 June 2014 of $5,770,000 and $683,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the reporting period, it is estimated that the Income Statement would have included additional revenue and net profit of approximately $1,130,000 and $121,000 respectively.

Loganholme Cinemas Pty Limited – acquisition of interest in joint venture

Loganholme Cinemas Pty Limited was incorporated on 23 August 2013 with Birch, Carroll & Coyle Limited holding 50% of the issued share capital. This has been recognised as an interest in a joint venture and equity accounted. On 11 December 2013, Loganholme Cinemas Pty Limited acquired the Loganholme cinema complex. The consideration for the acquisition was $17,166,000, of which the Group's share was $8,583,000. The impact of this acquisition on the Income Statement for the year is not material.

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial report.

Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

		Ownership interest	
	Note	2015 %	2014 %
AHL Administration Pty Limited		100	100
AHL Hotels (NZ) Limited	(a)(c)	100	100
Albury Hotel Property Unit Trust		100	100
Amalgamated Cinema Holdings Limited	(a)(c)	100	100
Amalgamated Holdings Superannuation Fund Pty Limited		100	100
Ancona Investments Pty Limited		100	100
Atura Hotels and Resorts Pty Limited		100	100
Bay City Cinemas Limited	(c)	100	100
Birch, Carroll & Coyle Limited		100	100
BLN Hotels Property Unit Trust		100	100
Bryson Centre Unit Trust		100	100
Bryson Hotel Property Unit Trust		100	100
Bryson Hotel Pty Limited		100	100
Canberra Theatres Limited		100	100
CMS Cinema Management Services GmbH & Co. KG	(a)(e)	100	100
CMS Cinema Verwaltungs GmbH	(a)(e)	100	100
Edge Digital Cinema Pty Limited		100	100
Edge Digital Technology Pty Limited		100	100
Edge Investments BV	(a)(d)	100	100
Elsternwick Properties Pty Limited		100	100
Event Cinemas (Australia) Pty Limited		100	100
Event Cinemas (Fiji) Limited	(f)	100	100
Event Cinemas Limited	(c)	100	100
Event Cinemas New Plymouth Limited	(c)	–	100
Event Cinemas Nominees Limited	(c)	100	100
Event Cinemas (NZ) Limited	(c)	100	100
Event Cinemas Queen Street Nominees Limited	(c)	100	100
Featherdale Farm & Aviaries Pty Limited		100	100
Featherdale Holdings Pty Limited		100	100
Filmpalast am ZKM Karlsruhe Beteiligungs GmbH	(a)(e)	100	100
Filmpalast Konstanz Beteiligungs GmbH	(a)(e)	100	100
First Cinema Management BV	(a)(d)	100	100
2015 First Holding GmbH	(a)(e)	100	–
Flaggspelt Vermogensverwaltungsgesellschaft mbH	(a)(e)	100	–
Glenelg Theatres Pty Limited		100	100
Greater Entertainment Pty Limited		100	100
Greater Occasions Australia Pty Limited		100	100
Greater Union Betriebsmittel GmbH	(a)(e)	100	100
Greater Union Filmpalast Cubix in Berlin GmbH	(a)(e)	100	100
Greater Union Filmpalast Dortmund GmbH & Co. KG	(a)(e)	100	100
Greater Union Filmpalast GmbH	(a)(e)	100	100
Greater Union Filmpalast in der Kulturbrauerei GmbH	(a)(e)	100	100
Greater Union Filmpalast in Hamburg GmbH	(a)(e)	100	100

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2015 %	2014 %
Greater Union Filmpalast Rhein-Main GmbH	(a)(e)	100	100
Greater Union First Cinema BV and Co. KG	(a)(e)	100	100
Greater Union International BV	(a)(d)	100	100
Greater Union International GmbH	(a)(e)	100	100
Greater Union International Holdings Pty Limited		100	100
Greater Union Limited	(b)	100	100
Greater Union Media & Event GmbH	(a)(e)	100	–
Greater Union Nominees Pty Limited		100	100
Greater Union Real Estate Mainz GmbH	(a)(e)	100	100
Greater Union Screen Entertainment Pty Limited		100	100
Greater Union Theaters Beteiligungs GmbH	(a)(e)	100	–
Greater Union Theaters Dritte GmbH & Co. KG	(a)(e)	100	100
Greater Union Theaters Dritte Verwaltungs GmbH	(a)(e)	100	100
Greater Union Theaters GmbH	(a)(e)	100	100
Greater Union Theaters Management Mainz GmbH	(a)(e)	100	100
Greater Union Theaters Verwaltungs GmbH	(a)(e)	100	100
Greater Union Theaters Zweite GmbH & Co. KG	(a)(e)	100	100
Greater Union Theaters Zweite Verwaltungs GmbH	(a)(e)	100	100
Greattheatre Pty Limited		100	100
GU Real Estate Mainz Management GmbH	(a)(e)	100	–
GUO Investments (WA) Pty Limited		100	100
Gutace Holdings Pty Limited		100	100
Haparanda Pty Limited		100	100
Haymarket's Tivoli Theatres Pty Limited		100	100
Kidsports Australia Pty Limited		100	100
Kosciuszko Thredbo Pty Limited		100	100
KTPL Unit Trust		100	100
Kvarken Pty Limited		100	100
Lakeside Hotel Property Unit Trust		100	100
Lakeside Hotel Pty Limited		100	100
Lakeside International Hotel Unit Trust		100	100
Mamasa Pty Limited		100	100
Multiplex Cinemas Magdeburg GmbH	(a)(e)	100	100
Multiplex Cinemas Oberhausen GmbH	(a)(e)	100	100
Neue Filmpalast GmbH & Co. KG	(a)(e)	100	100
Neue Filmpalast Management GmbH	(a)(e)	100	100
NFP Erste GmbH & Co. KG	(a)(e)	100	100
NFP Erste Verwaltungs GmbH	(a)(e)	100	100
Noahs Hotels (NZ) Limited	(a)(c)	100	100
Noahs Limited		100	100
Northside Gardens Hotel Property Unit Trust		100	100
Northside Gardens Hotel Pty Limited		100	100
Pacific Cinemas (Southport) Pty Limited		100	100
Pantami Pty Limited		100	100
203 Port Hacking Road Pty Limited		100	100
QT Gold Coast Pty Limited		100	100
QT Hotels and Resorts Pty Limited		100	100
QT Resort Port Douglas Pty Limited		100	100
Red Carpet Event GmbH	(a)(e)	–	100
RH Hotels Pty Limited		100	100
RQ Motels Pty Limited		100	100
Rydges Bankstown Pty Limited		100	100
Rydges Cronulla Pty Limited		100	100
Rydges Gladstone Hotel Property Unit Trust		100	100
Rydges Hobart Hotel Property Unit Trust		100	100

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2015 %	Ownership interest 2014 %
Rydges Hobart Hotel Pty Limited		100	100
Rydges Hotels Limited		100	100
Rydges Hotels Property Unit Trust		100	100
Rydges HPT Pty Limited		100	100
Rydges Property Holdings Pty Limited		100	100
Rydges Rotorua Hotel Limited	(a)(c)	100	100
Rydges Townsville Hotel Property Unit Trust		100	100
Sonata Hotels Pty Limited		100	100
Sunshine Cinemas Pty Limited		100	100
Tannahill Pty Limited		100	100
The Geelong Theatre Company Limited		100	100
The Greater Union Organisation Pty Limited		100	100
Thredbo Resort Centre Pty Limited		100	100
Tourism & Leisure Pty Limited		100	100
Turmpalast Frankfurt GmbH & Co. KG	(a)(e)	–	100
Turmpalast Frankfurt Management GmbH	(a)(e)	–	100
Vierte Kinoabspielstatten GmbH & Co. KG	(a)(e)	100	100
Vierte Kinoabspielstatten Verwaltungs GmbH	(a)(e)	100	100
Western Australia Cinemas Pty Limited		100	100
Zollverein Pty Limited		100	100
Zweite Kinoabspielstatten GmbH & Co. KG	(a)(e)	100	100
Zweite Kinoabspielstatten Verwaltungs GmbH	(a)(e)	100	100

(a) These companies are audited by other member firms of KPMG International.
(b) This company was incorporated in and carries on business in the United Kingdom.
(c) These companies were incorporated in and carry on business in New Zealand.
(d) These companies were incorporated in and carry on business in The Netherlands.
(e) These companies were incorporated in and carry on business in Germany.
(f) This company was incorporated and is domiciled in Fiji.

All companies, except those stated above, were incorporated in Australia. All trusts were established in Australia.

SECTION 5 – GROUP COMPOSITION

5.3 – INTERESTS IN OTHER ENTITIES

Interests in equity accounted investees
The Group's interests in equity accounted investees comprise interests in associates and interests in joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Interests in associates and joint ventures (see below) are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Joint arrangements
A joint arrangement is an arrangement of which two or more parties have joint control, in which the parties are bound by a contractual arrangement, and the contractual arrangement gives two or more of those parties joint control of the arrangement.

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group's interests in joint operations, which are arrangements in which the parties have rights to the assets and obligations for the liabilities, are accounted for on the basis of the Group's interest in those assets and liabilities. The Group's interests in joint ventures, which are arrangements in which the parties have rights to the net assets, are equity accounted.

	2015 $'000	2014 $'000
Associates	149	139
Joint ventures	10,905	10,641
	11,054	10,780

5.3 – INTERESTS IN OTHER ENTITIES (continued)

Joint ventures

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

Name	Principal activities	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %	Investment carrying amount 2015 $'000	Investment carrying amount 2014 $'000	Contribution to operating profit/(loss) 2015 $'000	Contribution to operating profit/(loss) 2014 $'000
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	1,647	1,537	1,703	1,679
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	935	585	995	619
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	Australia	50	50	7,879	8,519	360	(114)
Red Carpet Cinema Communication GmbH & Co KG	Event management	Germany	50	–	444	–	(156)	–
					10,905	10,641	2,902	2,184

Dividends received from joint ventures for the year ended 30 June 2015 amount to $3,256,000 (2014: $2,886,000). The balance date of each of the Group's joint ventures is 30 June.

Associates

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

Name	Principal activities	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %	Investment carrying amount 2015 $'000	Investment carrying amount 2014 $'000	Contribution to operating profit/(loss) 2015 $'000	Contribution to operating profit/(loss) 2014 $'000
Cinesound Movietone Productions Pty Limited	Film owner and distributor	Australia	50	50	149	139	10	–
Digital Cinema Integration Partners Pty Limited	Administration	Australia	48	48	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	Administration	New Zealand	(a) 60	(a) 60	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Operator of Movietimes website	Australia	(a) 53	(a) 53	–	–	–	–
					149	139	10	–

(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.

Dividends received from associates for the year ended 30 June 2015 amount to $nil (2014: $nil). The balance date of all current associates is 30 June.

5.3 – 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 2015 %	Ownership interest 2014 %
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Australia	50	50
Browns Plains Multiplex Joint Venture	Operator of a multiscreen cinema complex	Australia	33	33
Castle Hill Multiplex Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	33	33
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	(a) 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

(a) The Fiji Cinema Joint Venture is not consolidated as the Group does not control the entity. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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:

	2015 $'000	2014 $'000
Within one year	29,837	28,347
Later than one year but not later than five years	99,169	99,750
Later than five years	90,082	75,971
	219,088	204,068

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

This section explains the remuneration of executives and other employees, and transactions with related parties including directors.

On the following pages, there are sections on share-based payments, director and executive disclosures and related party transactions.

6.1 – SHARE-BASED PAYMENTS

The Group's share-based payment arrangements include the Executive Performance Share Plan and the Executive Performance Rights Plan. Grants were made under the Executive Performance Share Plan from 2007 to 2013 inclusive. The Group conducted a review of its long term incentive (LTI) arrangements in 2013 and resolved that the existing performance share-based LTI should be replaced with a performance rights-based LTI. Shareholders approved the Executive Performance Rights Plan at the 2013 Annual General Meeting. Grants have subsequently been made under the Executive Performance Rights Plan in February 2014 and February 2015.

Accounting policy

The fair value of performance shares and rights granted under the Executive Performance Share Plan and the Executive Performance Rights Plan is recognised as an employee expense over the period during which the employees become unconditionally entitled to the shares. There is a corresponding increase in equity, being recognition of a share-based payments reserve. The fair value of performance shares and rights granted is measured at grant date.

To facilitate the operation of the Executive Performance Share Plan and Executive Performance Rights Plan, a third party trustee is used to administer the trust which holds shares allocated under the Executive Performance Share Plan or otherwise held or acquired on market in order to satisfy the Group's future obligations under the Executive Performance Rights Plan. The trust is controlled by the Group and therefore its financial statements are included in the consolidated financial statements. The shares in the Group held by the trust are therefore shown as treasury shares (see Note 4.1). The Group incurs expenses on behalf of the trust. These expenses are in relation to administration costs of the trust and are recorded in the Income Statement as incurred.

Performance shares and performance rights are subject to performance hurdles. The performance shares are recognised in the Statement of Financial Position as restricted ordinary shares. Performance shares are included within the weighted average number of shares used as the denominator for determining basic earnings per share and net tangible asset backing per share. Performance rights are not recognised in the Statement of Financial Position, but are included within the weighted average number of shares issued as the denominator for determining diluted earnings per share.

The Group measures the cost of the Executive Performance Share Plan and Executive Performance Rights Plan by reference to the fair value of the equity instruments at the date at which the shares are granted. The fair value of performance shares granted is determined by an external valuer using a Monte Carlo simulation model and Binomial tree model using the assumptions detailed below.

Executive Performance Rights Plan

The establishment of the Executive Performance Rights Plan was approved by shareholders at the 2013 Annual General Meeting. Employees receiving awards under the Executive Performance Rights Plan are those of a senior level and above (including the Managing Director).

An employee awarded performance rights is not legally entitled to shares in the Company before the performance rights under the plan vest, and during the vesting period the performance rights do not carry the right to vote or to receive dividends. Once the rights have vested, which is dependent on the Group achieving its earnings per share ("EPS") and total shareholder return ("TSR") targets, participants are issued one ordinary share in the Company for each vested performance right held. Award, vesting and the issue of ordinary shares under the plan are made for no consideration. The performance period is three years.

Set out below are summaries of performance rights awarded under the plan:

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2015						
Performance rights	20 February 2014	664,422	–	–	(31,588)	632,834
Performance rights	19 February 2015	–	721,878	–	(14,474)	707,404
		664,422	721,878	–	(46,062)	1,340,238

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.1 – SHARE-BASED PAYMENTS (continued)

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2014						
Performance rights	20 February 2014	–	676,802	–	(12,380)	664,422

Fair value of performance rights granted
The assessed fair value at grant date of performance rights granted under the Executive Performance Rights Plan during the year ended 30 June 2015 was $10.74 (2014: $7.20) for those rights that have EPS hurdles and $8.40 (2014: $3.50) for those rights that have TSR hurdles. The fair value of each performance right is estimated on the date of grant using a Binomial tree model for those rights that have EPS hurdles and a Monte Carlo simulation model for those rights that have TSR hurdles with the following weighted average assumptions used for each grant:

	Granted 19 Feb 2015	Granted 20 Feb 2014
Dividend yield (per annum)	4%	5%
Expected volatility	17%	15%
Risk-free rate (per annum)	1.83%	2.87%
Share price	$11.93	$8.20
Expected life	3 years	3 years

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Executive Performance Share Plan

Employees that received awards under the Executive Performance Share Plan were those of a senior level and above (including the Managing Director). An employee awarded performance shares is not legally entitled to shares in the Company before the performance shares allocated under the plan vest. However, the employee can vote and receive dividends in respect of shares allocated to them. Once the shares have vested, which is dependent on the Group achieving its EPS and TSR targets, they remain in the trust until the earliest of the employee leaving the Group, the 7th anniversary (for grants made from 2010) or the 10th anniversary (for grants made from 2007 to 2009) of the date the performance shares were awarded, or the date Board approves an application for their release. Award, vesting and exercise under the plan are made for no consideration. The performance period is three years. Set out below are summaries of performance shares awarded under the plan:

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited shares reallocated	Balance at the end of the year [(a)]
2015						
Performance shares	21 February 2013	658,473	–	(1,859)	–	656,614
Performance shares	29 February 2012	10,000	–	–	–	10,000
Performance shares	23 February 2012	757,312	–	(38,420)	–	718,892
Performance shares	16 May 2011	50,000	–	–	–	50,000
Performance shares	23 February 2011	458,523	–	(24,830)	–	433,693
Performance shares	28 June 2010	200,561	–	(20,655)	–	179,906
Performance shares	23 February 2009	257,590	–	(17,135)	–	240,455
Performance shares	18 February 2008	147,513	–	(6,396)	–	141,117
Performance shares	19 February 2007	34,201	–	(11,838)	–	22,363
		2,574,173	–	(121,133)	–	2,453,040

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.1 – SHARE-BASED PAYMENTS (continued)

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited shares reallocated	Balance at the end of the year [a]
2014						
Performance shares	21 February 2013	661,650	–	(3,177)	–	658,473
Performance shares	29 February 2012	10,000	–	–	–	10,000
Performance shares	23 February 2012	759,577	–	(2,265)	–	757,312
Performance shares	16 May 2011	50,000	–	–	–	50,000
Performance shares	23 February 2011	491,561	–	(33,038)	–	458,523
Performance shares	28 June 2010	219,493	–	(18,932)	–	200,561
Performance shares	23 February 2009	270,248	–	(12,658)	–	257,590
Performance shares	18 February 2008	155,412	–	(7,899)	–	147,513
Performance shares	19 February 2007	39,053	–	(4,852)	–	34,201
		2,656,994	–	(82,821)	–	2,574,173

(a) The balance at the end of the year includes a total of 794,530 shares (2014: 451,149 shares) that have been forfeited by employees due to cessation of employment. The forfeited shares are held within the trust and can be utilised in settlement of future obligations under the Group's long-term incentive plans, including the Executive Performance Rights Plan.

No performance shares were granted during the year ended 30 June 2015 (2014: nil).

Share-based payment expense

Total share-based payment expense included within employee expenses for the year ended 30 June 2015 was $1,890,000 (2014: $1,646,000).

Tax Exempt Share Plan

The Tax Exempt Share Plan enabled participating employees to make salary sacrifice contributions to purchase shares on-market on a monthly basis. The shares in the Tax Exempt Share Plan are restricted from being traded and must be held for a minimum of three years whilst the participant remains an employee of the Group. Trading restrictions are lifted on the cessation of employment.

Offers under the Tax Exempt Share Plan are at the discretion of the Company. All shares acquired under the Tax Exempt Share Plan rank equally with all other ordinary shares. The Tax Exempt Share Plan did not operate during the year ended 30 June 2015 and consequently no shares were purchased during the year by employees under this plan (2014: 9,210 shares).

Employee Share Plan

The Group has in prior years issued shares to certain employees under an Employee Share Plan. No shares have been issued under this plan since February 1998. Other than costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the Group.

At 30 June 2015, the total shares issued under the plan was 115,620 (2014: 121,220). There were no shares issued during the year. The plan is closed to new members and no offers have been made under the plan since 1998.

The market value of ordinary shares at 30 June 2015 was $12.54 (2014: $9.33). Note 4.1 provides details of the movement in the ordinary share capital during the year.

Superannuation

Group entities contribute to several defined contribution superannuation plans. The superannuation contributions recognised as an employee expense in the Income Statement are detailed below:

	2015 $'000	2014 $'000
Superannuation contributions recognised as an employee expense	13,817	11,704

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.2 – DIRECTOR AND EXECUTIVE DISCLOSURES

Information regarding individual directors' and executives' compensation and some equity instruments disclosures, as permitted by the Corporations Regulations 2001, are provided in the Remuneration Report contained within the Directors' Report. The relevant sections of the Remuneration Report are outlined below:

Key management personnel remuneration

The key management personnel remuneration included in employee expenses is as follows:

	2015 $	2014 $
Employee benefits		
Short term	6,440,105	7,507,493
Other long term	162,358	86,734
Termination payments	–	316,500
Post-employment	182,104	174,976
Equity compensation	757,882	848,417
	7,542,449	8,934,120

Other transactions with the Company or its controlled entities

AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were $23,432 (2014: $23,405). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $673,291 (2014: $603,972).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $96,714 (2014: $92,653). Rent is charged to AG Rydge at market rates.

During the year ended 30 June 2013, a controlled entity signed a lease agreement for a cinema complex in Townsville with an entity related to Mr KG Chapman. The lease commenced on 9 December 2014 and rent paid during the year was at market rates.

During the prior year, a controlled entity signed a contract of sale with DC Seargeant in respect of an apartment at 131 Russell Street, Melbourne (QT Melbourne). The sale price was based on the listed sale price and consistent with the market value.

Apart from the details disclosed in this note, no key management person has entered into a material contract with the Group since the end of the previous year and there were no material contracts involving directors' interests existing at reporting date.

From time to time, key management personnel of the Group, or their related parties, may purchase goods or services from the Group. These purchases are usually on the same terms and conditions as those granted to other Group employees. Where the purchases are on terms and conditions more favourable than those granted to other Group employees, the resulting benefits form part of the total remuneration outlined within the Remuneration Report.

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.3 – RELATED PARTIES

Associates

Other transactions were receipt of property rentals from associates of $52,000 (2014: $49,000) and costs of $97,000 (2014: $47,000) paid on behalf of an associate, $28,000 (2014: $47,000) of which is refundable by that associate.

Refer also to Notes 3.1 and 5.3.

Relationships with joint ventures and joint operation partners

Refer to Notes 3.1 and 5.3.

Key management personnel

Disclosures relating to directors and named executives are set out in the Remuneration Report contained within the Directors' Report, and in Note 6.2.

SECTION 7 – OTHER INFORMATION

This section contains other information required to be disclosed by accounting standards.

7.1 – COMMITMENTS AND LEASES

The Group leases various properties, including cinema sites, under operating leases. The leases typically run for periods up to 20 years, with varying terms, escalation clauses and renewal or extension options. The head lease in respect of the Thredbo Village and ski area is for a longer period, being 50 years from 29 June 2007.

A small number of leases have commitments in respect of contingent rental payments which arise when the operating performance of a site exceeds a pre-determined amount. Also, there are rentals which are determined as the higher of a base rental and a fixed percentage of a defined amount reflecting the operating performance of a site or a base rental plus a fixed percentage of the net profit from the site. Contingent rental payments recognised as an expense in the period for the Group amounted to $12,405,000 (2014: $5,810,000).

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives, for example a rent-free period on commencement of a lease, are deferred and recognised over the lease term on a straight-line basis. Deferred lease incentives are recognised within other liabilities in the Statement of Financial Position.

The Group does not have finance lease or hire purchase arrangements either as a lessor or a lessee.

Operating lease rental expense (including contingent rent) for the year ended 30 June 2015 was $131,067,000 (2014: $127,927,000).

Lease commitments for future years are set out below:

	2015 $'000	2014 $'000
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	94,829	93,219
Later than one year but not later than five years	282,308	281,148
Later than five years	261,981	224,673
	639,118	599,040

The Group receives rental income from a number of properties, both leased and owned. With the exception of sub-leases under the Thredbo head lease, leases are for periods ranging between one to 15 years and have varying terms, escalation clauses and renewal or extension options. There are approximately 700 sub-leases under the Thredbo head lease. Thredbo sub-leases consist of long term accommodation sub-leases for holiday apartments, chalets and lodges and also retail premises. Long term accommodation sub-leases are typically for periods mirroring the head lease, which was renewed for a further 50 year period from 29 June 2007.

Operating lease rental income for future years is set out below:

	2015 $'000	2014 $'000
Sub-lease receivables – as lessor		
Future lease receivables in relation to sub-leases of property space under operating leases not recognised and receivable:		
Within one year	9,803	10,044
Later than one year but not later than five years	34,163	36,327
Later than five years	244,511	249,529
	288,477	295,900
Operating leases – as lessor		
Future operating lease rentals for owned properties not recognised and receivable:		
Within one year	10,962	11,475
Later than one year but not later than five years	37,713	38,822
Later than five years	31,865	43,509
	80,540	93,806

SECTION 7 – OTHER INFORMATION

7.2 – CONTINGENT LIABILITIES

Claims for personal injury
The nature of the Group's operations results in claims for personal injury being received from time to time. The directors believe that the outcome of any current claims outstanding, which are not provided against in the financial statements, will not have a significant impact on the operating result of the Group in future reporting periods.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement at balance date.

7.3 – RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2015 $'000	2014 $'000
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	108,890	78,563
Adjustments for:		
Depreciation	56,301	56,223
Amortisation	6,898	6,132
Net loss on sale of non-current assets	1,683	422
Net impairment adjustment	500	–
Fair value gain on acquisition of additional interest in a joint operation	–	(4,905)
Fair value increment of investment properties	(1,319)	(624)
Equity accounted investment distributions	3,256	2,886
Share of equity accounted investees' net profit	(2,912)	(2,184)
Share-based payments expense	1,890	1,646
Receivables impairment adjustment	(91)	(680)
Unrealised foreign exchange (gains)/losses	(869)	189
Increase/(decrease) in income taxes payable	13,477	(9,993)
Net cash provided by operating activities before change in assets and liabilities	187,704	127,675
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired/disposed during the year:		
(Increase)/decrease in trade and other receivables	(853)	9,903
(Increase)/decrease in inventories	(4,611)	1,241
Increase in prepayments and other current assets	(3,074)	(3,358)
Decrease in deferred tax items	109	4,245
(Increase)/decrease in trade and other payables	16,277	(22,041)
Increase/(decrease) in provisions	1,788	(2,685)
Increase in deferred revenue	1,938	9,896
Increase/(decrease) in other liabilities	14,092	(2,208)
(Decrease)/increase in financing costs payable	(60)	78
Net cash provided by operating activities	213,310	122,746

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST or equivalent tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows.

SECTION 7 – OTHER INFORMATION

7.4 – AUDITORS' REMUNERATION

	2015 $	2014 $
Audit services:		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements	1,091,640	1,097,170
Other assurance services	123,208	35,710
Overseas KPMG firms		
Audit and review of financial statements	335,920	348,490
Other assurance services	40,254	17,470
	1,591,022	1,498,840
Other services:		
Auditors of the Group – KPMG Australia		
Tax compliance and advice	332,004	303,329
Other services	85,388	84,027
	417,392	387,356
Overseas KPMG firms		
Tax compliance and advice	331,655	284,162
	749,047	671,518

7.5 – PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended, 30 June 2015, the parent entity of the Group was Amalgamated Holdings Limited.

	2015 $'000	2014 $'000
Results of parent entity		
Profit for the year	62,815	47,809
Other comprehensive income for the year	2,836	3,858
Total comprehensive income for the year	65,651	51,667
Financial position of parent entity at year end		
Current assets	486	3,518
Total assets	441,255	431,118
Current liabilities	18,198	6,586
Total liabilities	24,314	11,776
Net assets	416,941	419,342
Total equity of parent entity comprises:		
Share capital	219,126	219,126
Available-for-sale financial assets revaluation	14,025	12,141
Share-based payments	16,788	14,847
Retained earnings	167,002	173,228
Total equity	416,941	419,342

SECTION 7 – OTHER INFORMATION

7.5 – PARENT ENTITY DISCLOSURES (continued)

	2015 $'000	2014 $'000
Parent entity commitments		
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable are due:		
Not later than one year	1,422	1,066
Later than one year but not later than five years	–	–
	1,422	1,066
Parent entity contingencies		
Details of contingent liabilities for the parent entity which, although considered remote, are as follows:		
Controlled entities		
The Company has guaranteed the obligations of some subsidiary entities in respect of a number of operating lease commitments. Operating lease commitments of subsidiary entities that have been guaranteed are due:		
Not later than one year	59,159	62,564
Later than one year but not later than five years	126,633	112,555
Later than five years	149,875	95,523
	335,667	270,642
The Company has guaranteed commitments in respect of financing and other arrangements of certain subsidiary entities:	157	467
Joint ventures and joint operations		
The Company has guaranteed the obligations of some joint ventures and joint operations in respect of a number of operating lease commitments. Operating lease commitments of joint ventures and joint operations are due:		
Not later than one year	33,304	30,600
Later than one year but not later than five years	108,829	106,514
Later than five years	116,978	71,885
	259,111	208,999
	594,935	480,108

Parent entity guarantees

Subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of most of its Australian incorporated subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 7.7.

Bank debt facilities

The Company is a guarantor under the Group's secured bank debt facilities, as disclosed in Note 4.4.

7.6 – EVENTS SUBSEQUENT TO REPORTING DATE

Acquisition of the Museum Art Hotel, Wellington, New Zealand

The Group finalised the acquisition of the Museum Art Hotel in August 2015. The total purchase price relating to the acquisition was NZ$28.5 million (approximately A$25.9 million).

Acquisition of the Stade Family Entertainment Centre, Stade, Germany

The Group finalised the acquisition of the Stade Family Entertainment Centre in August 2015. The total purchase price relating to the acquisition was €6.7 million (approximately A$9.7 million).

Dividends

For final dividends declared after 30 June 2015, refer to Note 4.2.

7.7 – DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the deed are:

Atura Hotels and Resorts Pty Limited
Birch, Carroll & Coyle Limited
Bryson Hotel Pty Limited
Canberra Theatres Limited
Edge Digital Technology Pty Limited
Elsternwick Properties Pty Limited
Event Cinemas (Australia) Pty Limited
Featherdale Farm & Aviaries Pty Limited
Featherdale Holdings Pty Limited
Glenelg Theatres Pty Limited
Greater Entertainment Pty Limited
Greater Occasions Australia Pty Limited
Greater Union International Holdings Pty Limited
Greater Union Nominees Pty Limited
Greater Union Screen Entertainment Pty Limited
Greattheatre Pty Limited
GUO Investments (WA) Pty Limited
Gutace Holdings Pty Limited
Haparanda Pty Limited
Haymarket's Tivoli Theatres Pty Limited
Kidsports Australia Pty Limited
Kosciuszko Thredbo Pty Limited
Kvarken Pty Limited
Lakeside Hotel Pty Limited
Mamasa Pty Limited
Noahs Limited
Northside Gardens Hotel Pty Limited
Pantami Pty Limited
203 Port Hacking Road Pty Limited
QT Hotels and Resorts Pty Limited
QT Resort Port Douglas Pty Limited
RQ Motels Pty Limited
Rydges Bankstown Pty Limited
Rydges Cronulla Pty Limited
Rydges Hotels Limited
Sonata Hotels Pty Limited
Tannahill Pty Limited
The Geelong Theatre Company Limited
The Greater Union Organisation Pty Limited
Thredbo Resort Centre Pty Limited
Tourism & Leisure Pty Limited
Western Australia Cinemas Pty Limited
Zollverein Pty Limited.

A consolidated Statement of Comprehensive Income and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed, at 30 June 2015 is set out on the following page:

SECTION 7 – OTHER INFORMATION

7.7 – DEED OF CROSS GUARANTEE (continued)

	2015 $'000	2014 $'000
Statement of Comprehensive Income		
Profit before tax	118,094	88,584
Income tax expense	(36,156)	(26,215)
Profit for the year	81,938	62,369
Retained earnings at the beginning of the year	573,148	578,214
Dividends paid	(69,041)	(67,435)
Retained earnings at the end of the year	586,045	573,148
Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	42,879	28,706
Trade and other receivables	28,445	32,975
Inventories	15,928	11,548
Prepayments and other current assets	15,284	8,272
Total current assets	102,536	81,501
Non-current assets		
Trade and other receivables	1,098	1,106
Loans to controlled entities	157,983	153,750
Investments in controlled entities	1,392	75,708
Other financial assets	19,972	1,392
Available-for-sale financial assets	75,708	17,281
Investments accounted for using the equity method	8,028	8,658
Property, plant and equipment	643,769	596,874
Investment properties	71,050	72,300
Goodwill and other intangible assets	66,117	68,796
Deferred tax assets	–	–
Other non-current assets	3,752	4,178
Total non-current assets	1,048,869	1,000,043
Total assets	1,151,405	1,081,544
LIABILITIES		
Current liabilities		
Trade and other payables	64,420	43,381
Current tax liabilities	14,803	6,638
Provisions	16,181	14,773
Deferred revenue	51,431	43,772
Other current liabilities	3,616	1,162
Total current liabilities	150,451	109,726
Non-current liabilities		
Loans from controlled entities	26,518	23,331
Other loans and borrowings	115,364	108,119
Provisions	1,848	4,899
Deferred tax liabilities	5,009	2,152
Deferred revenue	8,223	6,876
Total non-current liabilities	156,962	145,377
Total liabilities	307,413	255,103
Net assets	843,992	826,441
EQUITY		
Share capital	219,126	219,126
Reserves	38,821	34,167
Retained earnings	586,045	573,148
Total equity	843,992	826,441

DIRECTORS' DECLARATION

1. In the opinion of the directors of Amalgamated Holdings Limited:

   (a) the consolidated financial statements and notes that are set out on pages 28 to 81 and the Remuneration Report in the Directors' Report set out on pages 14 to 26, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 7.7 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

3. The directors have received the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Director Finance & Accounting for the year ended 30 June 2015.

4. The directors draw attention to Note 1.2 to the financial report, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

AG Rydge
Director

DC Seargeant
Director

Dated at Sydney this 20th day of August 2015.

Independent auditor's report to the members of Amalgamated Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Amalgamated Holdings Limited (the Company), which comprises the statements of financial position as at 30 June 2015, and income statement and statement of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1.1 to 7.7 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1.2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 14 to 26 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Amalgamated Holdings Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

20 August 2015