



AMALGAMATED HOLDINGS LIMITED

A.B.N. 51 000 005 103

Financial Results

For the half year ended 31 December 2013

This half year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2013 Annual Report.

ASX code:	AHD
Released:	20 February 2014
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APPENDIX 4D

HALF YEARLY REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2013
(previous corresponding period: half year ended 31 December 2012)

Key Information

			2013 A\$'000	2012 A\$'000
Revenue and other income from continuing operations	Up	6.3%	to 568,528	534,898
Revenue and other income from discontinued operations			–	3,938
Total revenues and other income	Up	5.5%	to 568,528	538,836
Profit from continuing operations before individually significant items, net finance costs and income tax expense	Down	4.4%	to 62,727	65,586
Net finance costs			(3,784)	(2,577)
Profit from continuing operations before individually significant items and income tax expense	Down	6.5%	to 58,943	63,009
Individually significant items from continuing operations			3,899	(3,251)
Profit from continuing operations before income tax expense	Up	5.2%	to 62,842	59,758
Discontinued operations profit before income tax			–	1,019
Profit before income tax	Up	3.4%	to 62,842	60,777
Income tax expense from continuing operations			(16,602)	(13,205)
Income tax expense from discontinued operations			–	(308)
Profit for the period attributable to members of the parent entity	Down	2.2%	to 46,240	47,264
Dividends (distributions)			Amount per security	Franked amount per security
Final dividend - 2013 (paid 19 September 2013)			27 ¢	27 ¢
Interim dividend - Current year			15 ¢	15 ¢
- Previous corresponding period			15 ¢	15 ¢
Record date for determining entitlements to the dividend			6 th March 2014	
Date of interim dividend payment			20 th March 2014	

Explanation of Revenue

See attached annexure and the Directors' Report.

Explanation of Profit from Ordinary Activities after Tax

See attached interim consolidated financial report.

Explanation of Net Profit

See attached interim consolidated financial report.

Explanation of Dividends

See attached interim consolidated financial report.

Net Tangible Asset Backing

	December 2013	December 2012
Net tangible asset backing per share	\$5.17	\$4.98

Controlled Entities Acquired or Disposed of

See attached interim consolidated financial report.

Additional Dividend Information

See attached interim consolidated financial report.

Dividend Re-Investment Plans

The Dividend Re-Investment Plan ("DRP") was suspended in August 2010 and will not operate for the 2014 interim dividend.

Associates and Joint Venture Entities

See attached interim consolidated financial report.

Compliance Statement

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

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

REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED GROUP RESULT

	31 December 2013			31 December 2012		
	Normalised result* \$'000	Discontinued operations \$'000	Reconciliation to reported net profit \$'000	Normalised result* \$'000	Discontinued operations \$'000	Reconciliation to reported net profit \$'000
Entertainment						
Australia	27,379	–	27,379	23,905	–	23,905
New Zealand	1,962	–	1,962	2,095	–	2,095
Germany	10,326	–	10,326	16,156	–	16,156
Hospitality & Leisure						
Hotels	18,687	–	18,687	12,304	–	12,304
Thredbo Alpine Resort	9,126	–	9,126	13,253	–	13,253
Leisure and Attractions	285	–	285	912	1,019	1,931
Entertainment Technology						
Technology	923	–	923	989	–	989
Property and Other Investments						
Available-for-sale investments	368	–	368	330	–	330
Property	3,333	–	3,333	2,887	–	2,887
Unallocated revenues and expenses	(9,662)	–	(9,662)	(7,245)	–	(7,245)
	62,727	–	62,727	65,586	1,019	66,605
Finance revenue	433	–	433	1,210	–	1,210
Finance costs	(4,217)	–	(4,217)	(3,787)	–	(3,787)
	58,943	–	58,943	63,009	1,019	64,028
Income tax expense	(16,904)	–	(16,904)	(14,180)	(308)	(14,488)
	42,039	–	42,039	48,829	711	49,540
Individually significant items – net of tax			4,201			(2,276)
Reported net profit			46,240			47,264

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

OVERVIEW

Net profit after tax for the half year ending 31 December 2013 was \$46,240,000. This compared unfavourably to the prior year result of \$47,264,000, a decline of 2.2%. The current half year includes a fair value gain of \$4,905,000 arising from the acquisition of the remaining interest in a joint operation. The prior half year period included non-recurring pre-opening costs of \$3,251,000 relating to the opening and launch of QT Sydney. These were both classified as an individually significant item.

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Individually significant items for the period included the following:		
Fair value gain on acquisition of additional interest in a joint operation	4,905	–
Redundancy costs relating to the implementation of digital cinema and other non-recurring costs	(1,006)	–
Pre-opening costs relating to the launch and opening of QT Sydney	–	(3,251)
Total individually significant items before income tax benefit	3,899	(3,251)
Income tax benefit relating to individually significant items	302	975
Total individually significant items after income tax benefit	4,201	(2,276)

Normalised profit before interest, tax and individually significant items was \$62,727,000, a decline of \$2,859,000 or 4.4% over the prior year comparable period.

REVIEW OF OPERATIONS

Entertainment

Cinema Exhibition Australia

The normalised profit before interest and income tax expense was \$27,379,000, an increase of 14.5% on the prior comparable half year period. This strong result was achieved through increased screen advertising revenue and significant cost savings.

Box Office for the half year period represented a decline of 4.1% over the prior comparable period. Stronger performing titles were released in the later part of the period, which assisted in improving on the first quarter box office which was down 7.2%. These titles included *The Hunger Games: Catching Fire* which achieved in excess of \$36 million at the Australian Box Office. Supported by *Thor: The Dark World* and *Gravity* which both achieved in excess of \$20 million.

Merchandising revenue per admission experienced modest growth over the prior comparable half year period.

During the half year the Group acquired a 50% interest in a 12 screen cinema complex at Logan in south east Brisbane, which will be managed by the Group. The complex includes one large format screen, equivalent to Vmax and two smaller premium offer auditoriums. The Group also purchased the remaining 49% interest in the 10 screen cinema complex at Southport on the Gold Coast, which takes the ownership of this site to 100%. The Group also completed the refurbishment of the Blacktown Drive In which has since achieved outstanding results in both admissions and merchandising revenue, and also converted a traditional auditorium to Vmax at our Burwood site.

During the six-month period the Group closed the six-screen cinema at Russell St Melbourne and plans are underway to redevelop the site to include a QT hotel.

The contribution from the Group's 50% interest in the Village managed circuit in Victoria increased by 5.6% over the comparable period. This improvement was driven by an increase in merchandising sales revenue and screen advertising revenue. During the period the Village managed circuit redeveloped the Fountain Gate site which included three new Gold Class screens and an additional Vmax screen.

Cinema Exhibition New Zealand

The normalised profit before interest and income tax expense was \$1,962,000, a decrease of 6.3% on the prior comparable half year period.

The New Zealand business produced a weaker result for the period, predominately due to the poor Box Office performance. The Box Office declined over prior year by 1.3% with the main releases for the period being *The Hunger Games: Catching Fire*, *Despicable Me 2* and *The Hobbit: The Desolation of Smaug*, which all grossed over NZ\$6 million at the New Zealand Box office. Merchandising revenue continued to grow with a 2.3% improvement in spend per admission over the prior comparable half-year period.

Screen advertising was impacted by the expiry of the minimum guarantee.

During the half year period the Group completed its digital rollout of the circuit in New Zealand with the conversion of the remaining screens in the Rialto Joint Venture to digital. The Group also completed the refurbishment of the Newmarket Cinema in Auckland which has been relaunched as Broadway by Event.

The Fiji Cinema Joint Venture (66.67% share in three cinemas) which is included in the New Zealand business opened a new four screen cinema complex in Suva during the period. The contribution from the Fiji cinemas increased by 9.1% over the comparable half-year period.

Cinema Exhibition Germany

The normalised profit before interest and income tax expense was \$10,326,000, a decrease of 36.1% on the prior comparable half year period.

Total Box Office decreased by 13.5% in comparison to the prior comparable half year which was attributable to a decrease in admissions of 14.7%. As was experienced worldwide, the German circuit admissions suffered from a poor film line up for the first four months of the period, decreasing by 14.6% in comparison to the prior half year. The end of the half year however brought a dramatic increase in admissions resulting from a strong line up of blockbuster films including *The Hunger Games: Catching Fire*, *The Hobbit: The Desolation of Smaug* and *Frozen*. The other top performing films at the German Box Office were *Despicable Me 2*, *Thor: The Dark World* and *Gravity*. German film product had a runaway success with *Fack ju Göhte*, and with a much improved share of 20.4% of the Box Office in comparison with 13.7% in the prior year.

The result was positively impacted by a weakening Australian dollar against the Euro. The average month end \$A/Euro exchange rate for the half year to 31 December 2013 was 0.688 cents against 0.814 cents for the prior comparable half year period (a favourable movement of 15%).

The German circuit currently has 407 digital screens (of a total of 414 screens) at 54 sites. A new IMAX screen was successfully opened in Karlsruhe and a loss making site in Augsburg was handed back to the landlord upon lease expiry.

Hospitality & Leisure

Hotels

The normalised profit before interest and income tax expenses for the hotel group was \$18,687,000, an increase of \$6,383,000 or 51.9% on the prior comparable half-year period. This was due to a significant improvement in the performance of the Group's QT Hotels, in particular QT Sydney, together with an overall increase in the profitability of the Group's Rydges Hotels. Of the \$6,383,000 increase in normalised profit some \$3,103,000 or 25.2% was attributable to QT Sydney.

Occupancy in the Group's owned hotels increased by 4.9 percentage points to 73.6% compared to the prior comparable period. The average room rate increased by 5.3% to \$157, resulting in a 12.8% increase in revpar.

The increased profitability was driven primarily by the Group's major city hotels particularly in Melbourne and Sydney.

Whilst continuing to be price sensitive, domestic leisure travel in both New Zealand and Australia has performed well in most locations. This assisted growth in the New Zealand and regional Australian hotels. Demand within the Conference segment also showed signs of strengthening.

Margins also improved over the prior comparable period. This was due to improved revpar, stronger F&B performance and effective cost control.

Managed hotel performance was largely positive, reflecting the market trends experienced by the Group's owned hotels. The only hotels to experience material declines on prior period performance were those located in Western Australia due to the softening in resource industry related business.

Two new hotels were added to the managed hotel portfolio during the period, the Sails Resort Port Macquarie and the new Rydges Latimer Christchurch.

The first Hotel under the Atura brand opened in mid October on the site of our Blacktown Drive In in Western Sydney adjacent to the new Wet'n'Wild theme park.

Thredbo Alpine Resort

The normalised profit before interest and income tax expense was \$9,126,000, a decrease on the prior corresponding period of 31.1%.

Thredbo experienced the worst snow season in decades with natural snowfalls typically followed by warm winds and rain. Snow making was also compromised by marginal temperatures and the season closed early on 19 September due to lack of snow.

Skier numbers declined by 21% or 71,000 skiers in the half year impacting lift pass revenue and all associated discretionary revenue including ski hire, lessons, retail and F&B.

Leisure/Attractions

The result from the State Theatre was affected by the Theatre being closed for 3 months to allow refurbishment works.

The Featherdale Wildlife Park was sold in June 2013 and the result for the prior comparable half year period has been reclassified to discontinued operations.

Entertainment Technology

The normalised profit before interest and income tax expense was \$923,000, a decrease of 6.7% on the prior comparable half year period and this was due in large part to the completion of the digitization of the Australian Cinema market.

Property and Other Investments

Property

The normalised profit before interest and income tax expense was \$3,333,000 representing an increase of 15.4% on the prior comparable half year period. The result included a fair value increment to the investment properties of \$834,000 compared to a fair value increment in the prior comparable half year period of \$15,000.



INTERIM CONSOLIDATED FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial report for the half year ended 31 December 2013 and the independent auditors' review report thereon.

Directors

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

Name	Period of directorship
Mr AG Rydge (Chairman)	Director since 1978
Mr AJ Clark AM	Director since 1998 (retired 25 October 2013)
Mr DC Seargeant (Managing Director)	Director since 2001
Mr RG Newton	Director since 2008
Mr PR Coates AO	Director since 2009
Mr KG Chapman	Director since 2010
Ms VA Davies	Director since 2011
Mr DC Grant	Appointed 25 July 2013
Mrs PM Mann	Appointed 25 October 2013

Review of operations

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

Dividend

On 20 February 2014 the directors declared an interim dividend of \$24,083,988 (15 cents per share).

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

The lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for the half year ended 31 December 2013.

Rounding off

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.

Signed in accordance with a resolution of the directors:



AG Rydge
Director



DC Seargeant
Director

Dated at Sydney this 20th day of February 2014.



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 review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Kenneth Reid
Partner

Sydney

20 February 2014

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 \$'000	30 June 2013* \$'000
ASSETS			
Current assets			
Cash and cash equivalents		114,992	105,592
Trade and other receivables		58,642	55,012
Inventories		17,841	16,361
Prepayments and other sundry assets		8,157	6,335
Total current assets		199,632	183,300
Non-current assets			
Trade and other receivables		1,094	1,185
Other financial assets		1,388	1,387
Available-for-sale financial assets		15,838	13,374
Investments accounted for using the equity method	8	12,274	2,590
Property, plant and equipment	9	862,287	837,886
Investment properties		72,250	69,500
Goodwill and other intangible assets	10	86,064	75,770
Deferred tax assets		9,751	8,227
Other non-current assets		11,308	9,097
Total non-current assets		1,072,254	1,019,016
Total assets		1,271,886	1,202,316
LIABILITIES			
Current liabilities			
Trade and other payables		104,955	101,200
Loans and borrowings	11	811	452
Current tax liabilities		1,731	9,633
Provisions		19,081	19,362
Deferred revenue		80,455	61,899
Other liabilities		2,744	3,681
Total current liabilities		209,777	196,227
Non-current liabilities			
Loans and borrowings	11	113,857	79,393
Deferred tax liabilities		10,060	6,585
Provisions		11,245	10,406
Deferred revenue		5,380	5,347
Other non-current liabilities		4,706	4,826
Total non-current liabilities		145,248	106,557
Total liabilities		355,025	302,784
Net assets		916,861	899,532
Equity			
Share capital	12	219,126	219,126
Reserves	13	37,288	22,987
Retained earnings		660,447	657,419
Total equity		916,861	899,532

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1).

The Statement of Financial Position is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 15 to 33.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 2013 \$'000	31 Dec 2012* \$'000
Continuing operations			
<i>Revenue and other income</i>			
Revenue from sale of goods and rendering of services	3	540,929	512,254
Other revenue and income	3	27,599	22,644
		568,528	534,898
<i>Expenses</i>			
Employee expenses		(129,776)	(118,301)
Occupancy expenses		(121,856)	(108,207)
Film hire and other film expenses		(112,752)	(114,945)
Purchases and other direct expenses		(60,413)	(54,030)
Other operating expenses		(31,929)	(36,488)
Amortisation and depreciation		(30,069)	(27,475)
Advertising, commissions and marketing expenses		(16,212)	(13,208)
Finance costs		(4,217)	(3,787)
		(507,224)	(476,441)
<i>Equity profit</i>			
Share of net profit/(loss) of equity accounted investees:			
Associates	14	4	(4)
Joint ventures	14	1,534	1,305
		1,538	1,301
Profit before tax from continuing operations	4	62,842	59,758
Income tax expense	7	(16,602)	(13,205)
Profit after tax from continuing operations		46,240	46,553
Discontinued operations			
Profit after tax from discontinued operations	5	–	711
Profit for the period		46,240	47,264
		46,240	47,264
		31 Dec 2013	31 Dec 2012*
		Cents	Cents
Earnings per share:			
<i>Basic earnings per share</i>			
Continuing operations		29.3	29.5
Discontinued operations		–	0.4
Total		29.3	29.9
<i>Diluted earnings per share</i>			
Continuing operations		29.0	29.3
Discontinued operations		–	0.4
Total		29.0	29.7

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1).

The Income Statement is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 15 to 33.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 \$'000	31 Dec 2012* \$'000
Profit for the period	46,240	47,264
<i>Other comprehensive income from continuing operations</i>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences for foreign operations – net of tax	13,836	3,021
Net change in fair value of available-for-sale financial assets – net of tax	1,725	1,718
Net change on hedge of net investment in foreign operation – net of tax	(1,172)	(122)
Net change in fair value of cash flow hedges – net of tax	(13)	15
Other comprehensive income for the period – net of income tax	14,376	4,632
Total comprehensive income for the period	60,616	51,896

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1).

The Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 15 to 33.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2013	219,126	22,987	657,419	899,532
Profit for the period	–	–	46,240	46,240
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	12,664	–	12,664
Transfer	–	(139)	139	–
Net change in fair value of available-for-sale financial assets – net of tax	–	1,725	–	1,725
Net change in fair value of cash flow hedges – net of tax	–	(13)	–	(13)
Total other comprehensive income recognised directly in equity	–	14,237	139	14,376
Total comprehensive income for the period	–	14,237	46,379	60,616
Employee share-based payments expense – net of tax	–	64	–	64
Dividends paid	–	–	(43,351)	(43,351)
Balance at 31 December 2013	219,126	37,288	660,447	916,861
Balance at 1 July 2012*	219,126	3,788	635,880	858,794
Profit for the period	–	–	47,264	47,264
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	2,899	–	2,899
Transfer	–	29	(29)	–
Net change in fair value of available-for-sale financial assets – net of tax	–	1,718	–	1,718
Net change in fair value of cash flow hedges – net of tax	–	15	–	15
Total other comprehensive income recognised directly in equity	–	4,661	(29)	4,632
Total comprehensive income for the period	–	4,661	47,235	51,896
Employee share-based payments expense – net of tax	–	703	–	703
Dividends paid	–	–	(40,140)	(40,140)
Balance at 31 December 2012	219,126	9,152	642,975	871,253

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1).

The Statement of Changes in Equity is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 15 to 33.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013 \$'000	31 Dec 2012* \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	604,258	557,385
Cash payments in the course of operations	(528,850)	(484,572)
Cash provided by operations	75,408	72,813
Distributions from associates and joint ventures	751	553
Other revenue	21,001	20,395
Dividends received	373	344
Interest received	518	1,126
Finance costs paid	(4,127)	(3,715)
Income tax refunds	–	30
Income tax paid	(21,976)	(15,032)
Net cash provided by operating activities	71,948	76,514
Cash flows from investing activities		
Payments for property, plant and equipment and redevelopment of properties	(39,765)	(38,766)
Payment for acquisition of a joint venture	(8,583)	–
Payment for business acquired including management and leasehold rights	(5,969)	–
Payments for management rights, software and other intangible assets	(965)	(540)
Increase in loans to associates and joint operations	(3,534)	(3,596)
Proceeds from disposal of other non-current assets	81	345
Increase/(decrease) in loans from other entities	1,460	(43)
Net cash used by investing activities	(57,275)	(42,600)
Cash flows from financing activities		
Proceeds from borrowings	60,759	35,000
Repayment of borrowings	(28,000)	–
Dividends paid	(43,351)	(40,140)
Net cash used by financing activities	(10,592)	(5,140)
Net increase in cash and cash equivalents	4,081	28,774
Cash and cash equivalents at the beginning of the period	105,592	75,549
Effect of exchange rate fluctuations on cash held	5,319	1,472
Cash and cash equivalents at the end of the period	114,992	105,795

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1).

The Statement of Cash Flows is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 15 to 33.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE

Amalgamated Holdings Limited (“Company”) is a company domiciled in Australia. The condensed interim consolidated financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (collectively referred to as “Group” or “Consolidated Entity”) and the Group’s interest in associates and jointly controlled entities.

The interim consolidated financial report was authorised by the Board of the Company for issuance on 20 February 2014.

(a) Statement of Compliance

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

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

It is recommended that this interim consolidated financial report be read in conjunction with the most recent annual financial report for the year ended 30 June 2013. This report should also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The Company is of a kind referred to in ASIC 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.

(b) Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in this interim consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements for the year ended 30 June 2014.

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 2013.

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*; and
- AASB 13 *Fair Value Measurement*.

The adoption of AASB 11 has had a significant impact on the Group’s interim consolidated financial report as explained below. For disclosures required by AASB 12, refer to Note 14. The adoption of AASB 10 and AASB 13 has not had a significant impact on the Group’s interim consolidated financial report.

AASB 11 Joint Arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interest in joint arrangements. Under AASB 11, 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. Previously, the structure of the arrangements was the sole focus of classification.

The Group has re-evaluated its investment in the Australian Theatres Joint Venture, Browns Plains Multiplex Joint Venture, Castle Hill Multiplex Joint Venture, Casuarina Cinema Centre Joint Venture, Garden City Cinema Joint Venture, Geelong Cinema Joint Venture, Jam Factory Cinema Operations Joint Venture, Southport 6 Cinemas Joint Venture, Toowoomba Cinema Centre Joint Venture, Rialto Joint Venture and the Fiji Cinema Joint Venture, all of which have been classified as joint operations under AASB 11 and accounted for on a line-by-line basis. These were previously equity accounted under AASB 131 *Interests in Joint Ventures*. The Group has also considered its investment in Filmpalast am ZKM Karlsruhe GmbH & Co. KG and Filmpalast Konstanz GmbH & Co. KG, which have been classified as joint ventures under AASB 11 and will continue to be equity accounted.

The following tables summarise the material impacts resulting from the above changes in accounting policies on the Group’s financial position, comprehensive income and cash flows. There has been no adjustment to earnings per share as a result of the adoption of AASB 11. As the Group has taken advantage of the transitional provisions of AASB 11 and AASB 12, the following tables do not include the effect of the change in accounting policy for jointly controlled entities on the current period.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(b) Significant Accounting Policies (continued)

1 July 2012	Effect of changes in accounting policies		
Statement of Financial Position	As previously reported \$'000	AASB 11 Joint operations \$'000	As restated \$'000
ASSETS			
Current assets			
Cash and cash equivalents	63,309	12,240	75,549
Trade and other receivables	39,294	3,250	42,544
Inventories	22,029	1,901	23,930
Prepayments and other sundry assets	4,904	207	5,111
Total current assets	129,536	17,598	147,134
Non-current assets			
Trade and other receivables	1,220	–	1,220
Other financial assets	315	–	315
Available-for-sale financial assets	10,032	–	10,032
Investments accounted for using the equity method	115,390	(113,597)	1,793
Property, plant and equipment	705,638	82,044	787,682
Investment properties	79,350	–	79,350
Goodwill and other intangible assets	36,293	36,246	72,539
Deferred tax assets	6,433	–	6,433
Other non-current assets	4,018	–	4,018
Total non-current assets	958,689	4,693	963,382
Total assets	1,088,225	22,291	1,110,516
LIABILITIES			
Current liabilities			
Trade and other payables	86,443	12,536	98,979
Loans and borrowings	184	–	184
Current tax liabilities	7,882	–	7,882
Provisions	15,930	1,886	17,816
Deferred revenue	48,948	4,629	53,577
Other liabilities	1,807	869	2,676
Total current liabilities	161,194	19,920	181,114
Non-current liabilities			
Loans and borrowings	46,617	–	46,617
Deferred tax liabilities	5,442	–	5,442
Provisions	7,363	2,135	9,498
Deferred revenue	4,173	–	4,173
Other non-current liabilities	4,563	315	4,878
Total non-current liabilities	68,158	2,450	70,608
Total liabilities	229,352	22,370	251,722
Net assets	858,873	(79)	858,794
Equity			
Share capital	219,126	–	219,126
Reserves	3,829	(41)	3,788
Retained earnings	635,918	(38)	635,880
Total equity	858,873	(79)	858,794

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(b) Significant Accounting Policies (continued)

30 June 2013	Effect of changes in accounting policies		
Statement of Financial Position	As previously reported \$'000	AASB 11 Joint operations \$'000	As restated \$'000
ASSETS			
Current assets			
Cash and cash equivalents	92,768	12,824	105,592
Trade and other receivables	45,879	9,133	55,012
Inventories	14,577	1,784	16,361
Prepayments and other sundry assets	6,151	184	6,335
Total current assets	159,375	23,925	183,300
Non-current assets			
Trade and other receivables	1,185	–	1,185
Other financial assets	1,387	–	1,387
Available-for-sale financial assets	13,374	–	13,374
Investments accounted for using the equity method	119,428	(116,838)	2,590
Property, plant and equipment	759,565	78,321	837,886
Investment properties	69,500	–	69,500
Goodwill and other intangible assets	39,284	36,486	75,770
Deferred tax assets	8,227	–	8,227
Other non-current assets	9,077	20	9,097
Total non-current assets	1,021,027	(2,011)	1,019,016
Total assets	1,180,402	21,914	1,202,316
LIABILITIES			
Current liabilities			
Trade and other payables	87,768	13,432	101,200
Loans and borrowings	452	–	452
Current tax liabilities	9,633	–	9,633
Provisions	17,518	1,844	19,362
Deferred revenue	58,749	3,150	61,899
Other liabilities	3,681	–	3,681
Total current liabilities	177,801	18,426	196,227
Non-current liabilities			
Loans and borrowings	78,469	924	79,393
Deferred tax liabilities	6,585	–	6,585
Provisions	8,046	2,360	10,406
Deferred revenue	5,347	–	5,347
Other non-current liabilities	4,511	315	4,826
Total non-current liabilities	102,958	3,599	106,557
Total liabilities	280,759	22,025	302,784
Net assets	899,643	(111)	899,532
Equity			
Share capital	219,126	–	219,126
Reserves	23,031	(44)	22,987
Retained earnings	657,486	(67)	657,419
Total equity	899,643	(111)	899,532

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(b) Significant Accounting Policies (continued)

For the six months ended 31 December 2012	Effect of changes in accounting policies		
Income Statement Statement of Comprehensive Income	As previously reported \$'000	AASB 11 Joint operations \$'000	As restated \$'000
Continuing operations			
<i>Revenue and other income</i>			
Revenue from sale of goods and rendering of services	398,232	114,022	512,254
Other revenue and income	24,715	(2,071)	22,644
	422,947	111,951	534,898
<i>Expenses</i>			
Employee expenses	(103,559)	(14,742)	(118,301)
Occupancy expenses	(89,199)	(19,008)	(108,207)
Film hire and other film expenses	(80,775)	(34,170)	(114,945)
Purchases and other direct expenses	(47,168)	(6,862)	(54,030)
Other operating expenses	(25,620)	(10,868)	(36,488)
Amortisation and depreciation	(21,704)	(5,771)	(27,475)
Advertising, commissions and marketing expenses	(10,568)	(2,640)	(13,208)
Finance costs	(3,760)	(27)	(3,787)
	(382,353)	(94,088)	(476,441)
<i>Equity profit</i>			
Share of net profit/(loss) of equity accounted investees:			
Associates	(4)	–	(4)
Joint ventures	19,168	(17,863)	1,305
	19,164	(17,863)	1,301
Profit before tax from continuing operations	59,758	–	59,758
Income tax expense	(13,205)	–	(13,205)
Profit after tax from continuing operations	46,553	–	46,553
Discontinued operations			
Profit after tax from discontinued operations	711	–	711
Profit for the period	47,264	–	47,264
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss – net of tax</i>			
Foreign currency translation differences for foreign operations	3,032	(11)	3,021
Net change in fair value of available-for-sale financial assets	1,718	–	1,718
Net change on hedge of net investment in foreign operation	(122)	–	(122)
Net change in fair value of cash flow hedges	15	–	15
Other comprehensive income for the period	4,643	(11)	4,632
Total comprehensive income for the period	51,907	(11)	51,896

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(b) Significant Accounting Policies (continued)

For the six months ended 31 December 2012	Effect of changes in accounting policies		
Condensed Statement of Cash Flows	As previously reported \$'000	AASB 11 Joint operations \$'000	As restated \$'000
Net cash provided by operating activities	70,054	6,460	76,514
Net cash used by investing activities	(41,814)	(786)	(42,600)
Net cash used by financing activities	(5,140)	–	(5,140)
Net increase in cash and cash equivalents	23,100	5,674	28,774
Cash and cash equivalents at the beginning of the period	63,309	12,240	75,549
Effect of exchange rate fluctuations on cash held	1,458	14	1,472
Cash and cash equivalents at the end of the period	87,867	17,928	105,795

(c) Estimates

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

In preparing the interim consolidated financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

(d) Financial Risk Management

The Group's financial risk management systems are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2013.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 2 – SEGMENT INFORMATION	Cinema Exhibition		Germany	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure and Attractions	Property and Other Investments	Consolidated	Individually significant items	Normalised result
	Australia	New Zealand									
Operating Segments											
31 December 2013											
Revenue and other income											
External segment revenue	185,909	37,556	154,602	21,704	115,526	36,739	1,691	8,185	561,912	–	561,912
Inter-segment revenue	–	–	–	1,285	–	–	–	–	1,285	–	1,285
Other income – external	4,905	–	–	–	4	54	–	1,202	6,165	(4,905)	1,260
Segment revenue and other income	190,814	37,556	154,602	22,989	115,530	36,793	1,691	9,387	569,362	(4,905)	564,457
Finance revenue									433	–	433
Other unallocated revenue									18	–	18
Elimination of inter-segment revenue									(1,285)	–	(1,285)
Consolidated revenue and other income									568,528	(4,905)	563,623
Segment result before share of equity accounted business undertakings	31,630	1,625	8,777	919	18,687	9,126	285	3,701	74,750	(3,899)	70,851
Share of net profit from equity accounted business undertakings	(15)	–	1,549	4	–	–	–	–	1,538	–	1,538
	31,615	1,625	10,326	923	18,687	9,126	285	3,701	76,288	(3,899)	72,389
Unallocated revenue and expenses									(9,662)	–	(9,662)
Net financing costs									(3,784)	–	(3,784)
Profit before related income tax expense									62,842	(3,899)	58,943
Reportable segment assets	264,814	72,222	173,389	10,296	485,891	40,066	7,665	175,361	1,229,704	–	1,229,704
Equity accounted investments	8,568	–	3,563	143	–	–	–	–	12,274	–	12,274
Deferred tax assets									9,751	–	9,751
Unallocated corporate assets									20,157	–	20,157
Total assets									1,271,886	–	1,271,886

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 2 – SEGMENT INFORMATION	Cinema Exhibition		Germany \$'000	Entertainment Technology \$'000	Hotels \$'000	Thredbo Alpine Resort \$'000	Leisure and Attractions \$'000	Property and Other Investments \$'000	Finance Revenue \$'000	Consolidated \$'000
	Australia \$'000	New Zealand \$'000								
Operating Segments										
31 December 2013										
Individually significant items										
Fair value gain on acquisition of additional interest in a joint operation	4,905	-	-	-	-	-	-	-	-	4,905
Redundancy costs relating to the implementation of digital cinema and other non-recurring costs	(669)	(337)	-	-	-	-	-	-	-	(1,006)
	4,236	(337)	-	-	-	-	-	-	-	3,899

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 – SEGMENT INFORMATION	Cinema Exhibition			Entertainment Technology \$'000	Hotels \$'000	Thredbo Alpine Resort \$'000	Leisure and Attractions \$'000	Property and Other Investments \$'000	Consolidated \$'000	Individually significant items \$'000	Discontinued operations \$'000	Normalised result \$'000
	Australia \$'000	New Zealand \$'000	Germany \$'000									
Operating Segments												
31 December 2012												
Revenue and other income												
External segment revenue	188,026	34,178	146,275	18,249	93,106	42,098	6,756	7,160	535,848	–	(3,938)	531,910
Inter-segment revenue	–	–	–	6,671	–	–	–	–	6,671	–	–	6,671
Other income – external	1	2	–	–	1,393	–	–	346	1,742	–	–	1,742
Segment revenue and other income	<u>188,027</u>	<u>34,180</u>	<u>146,275</u>	<u>24,920</u>	<u>94,499</u>	<u>42,098</u>	<u>6,756</u>	<u>7,506</u>	<u>544,261</u>	<u>–</u>	<u>(3,938)</u>	<u>540,323</u>
Finance revenue									1,210	–	–	1,210
Other unallocated revenue									36	–	–	36
Elimination of inter-segment revenue									(6,671)	–	–	(6,671)
Consolidated revenue and other income									<u>538,836</u>	<u>–</u>	<u>(3,938)</u>	<u>534,898</u>
Segment result before share of equity accounted business undertakings	23,905	2,095	14,851	993	9,053	13,253	1,931	3,217	69,298	3,251	(1,019)	71,530
Share of net profit from equity accounted business undertakings	–	–	1,305	(4)	–	–	–	–	1,301	–	–	1,301
	<u>23,905</u>	<u>2,095</u>	<u>16,156</u>	<u>989</u>	<u>9,053</u>	<u>13,253</u>	<u>1,931</u>	<u>3,217</u>	<u>70,599</u>	<u>3,251</u>	<u>(1,019)</u>	<u>72,831</u>
Unallocated revenue and expenses									(7,245)	–	–	(7,245)
Net financing costs									(2,577)	–	–	(2,577)
Profit before related income tax expense									<u>60,777</u>	<u>3,251</u>	<u>(1,019)</u>	<u>63,009</u>
Reportable segment assets	283,573	58,087	130,038	18,994	456,152	40,550	11,681	155,087	1,154,162	–	(4,861)	1,149,301
Equity accounted investments	–	–	2,547	152	–	–	–	–	2,699	–	–	2,699
Deferred tax assets									9,377	–	–	9,377
Unallocated corporate assets									20,738	–	–	20,738
Total assets									<u>1,186,976</u>	<u>–</u>	<u>(4,861)</u>	<u>1,182,115</u>

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 2 – SEGMENT INFORMATION	Cinema Exhibition			Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure and Attractions	Property and Other Investments	Finance Revenue	Consolidated
	Australia \$'000	New Zealand \$'000	Germany \$'000							
Operating Segments										
31 December 2012										
Individually significant items										
Pre-opening expenses relating to the launch and opening of QT Sydney	-	-	-	-	(3,251)	-	-	-	-	(3,251)
	-	-	-	-	(3,251)	-	-	-	-	(3,251)

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 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 comprise mainly corporate head office assets, head office expenses, and income tax assets and liabilities.

Operating segments

The Group comprises the following main operating segments:

- **Cinema Exhibition Australia**
Includes the cinema exhibition operations in Australia.
- **Cinema Exhibition New Zealand**
Includes cinema exhibition operations in New Zealand and Fiji.
- **Cinema Exhibition Germany**
Includes the cinema exhibition operations in Germany.
- **Entertainment Technology**
Includes theatre equipment supply and servicing.
- **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.
- **Leisure and Attractions**
Includes ancillary leisure and other activities including Featherdale Wildlife Park and The State Theatre. Featherdale Wildlife Park was sold on 26 June 2013 and has been reclassified to discontinued operations.
- **Property and Other Investments**
Includes property rental, investment properties and available-for-sale investments

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 3 – REVENUE AND OTHER INCOME	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Revenue		
Rendering of services	369,017	358,344
Sale of goods	171,912	153,910
	540,929	512,254
Other Revenue		
Rental revenue	11,175	10,961
Management and consulting fees	9,419	8,379
Finance revenue	433	1,210
Dividends	373	344
Sundry	407	352
	21,807	21,246
Other income		
Fair value gain on acquisition of additional interest in a joint operation	4,905	–
Insurance proceeds	–	1,379
Profit on sale of plant and equipment	53	4
Increase in fair value of investment properties	834	15
	5,792	1,398
	568,528	534,898

NOTE 4 – PROFIT BEFORE INCOME TAX	31 Dec 2013 \$'000	31 Dec 2012 \$'000
(a) 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:		
Fair value gain on acquisition of additional interest in a joint operation	4,905	–
Redundancy costs relating to the implementation of digital cinema and other non-recurring costs	(1,006)	–
Pre-opening expenses relating to the launch and opening of QT Sydney	–	(3,251)
	3,899	(3,251)

(b) Seasonality of operations

The consolidated result includes the operations of the Thredbo Alpine Resort. Due to the timing of the Australian ski season, profits from this business for the financial year to 30 June 2014 have largely been earned in the half year to 31 December 2013.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 5 – DISCONTINUED OPERATIONS

Half year to 31 December 2013

There were no discontinued operations during the half year period to 31 December 2013.

Prior comparable half year period

On 26 June 2013, the sale of Featherdale Wildlife Park was concluded. This operation was not a discontinued operation at the end of the prior financial period (31 December 2012) and the comparative Income Statement for the half year to 31 December 2012 has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to discontinued operations was as follows:

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Revenue from sale of goods	–	1,034
Revenue from rendering of services	–	2,893
Other income	–	11
Total revenue and other income	–	3,938
Employee expenses	–	(1,503)
Other expenses	–	(542)
Purchases and other direct expenses	–	(443)
Advertising, commissions and marketing expenses	–	(200)
Occupancy expenses	–	(187)
Amortisation and depreciation	–	(44)
	–	(2,919)
Profit before income tax	–	1,019
Income tax expense	–	(308)
Profit after income tax	–	711

During the half year to 31 December 2013, the discontinued operations had inflows from operating activities of \$nil (2012: \$1,063,000), cash inflows from investing activities on disposal of \$nil (2012: \$nil) and cash flows from financing activities of \$nil (2012: \$nil).

NOTE 6 – DIVIDENDS

	Per share Cents	Total amount \$'000	Date of payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid or provided for in the current and comparative periods are:					
2013					
Final 2013 dividend paid	27	<u>43,351</u>	19 September 2013	30%	100%
2012					
Final 2012 dividend paid	25	<u>40,140</u>	20 September 2012	30%	100%
Subsequent events					
Since the end of the period, the directors declared the following dividend:					
Interim 2014 dividend	15	<u>24,084</u>	20 March 2014	30%	100%

The financial effect of this interim dividend has not been brought to account in the interim consolidated financial report for the half year ended 31 December 2013 and will be recognised in subsequent consolidated financial reports.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 7 – TAXATION	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Income tax expense		
The major components of income tax expense are:		
Income tax recognised in profit or loss		
Income tax expense attributable to continuing operations	16,602	13,205
Income tax expense attributable to discontinued operations	–	308
	16,602	13,513
<i>Current income tax</i>		
Current income tax expense	13,359	13,704
Adjustments in respect of current income tax of prior period	325	(158)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	2,918	(33)
Income tax expense reported in the Income Statement	16,602	13,513
Statement of Changes in Equity		
<i>Income tax related to items charged/(credited) directly in equity</i>		
Net (loss)/gain on revaluation of cash flow hedges	(5)	5
Unrealised gain on available-for-sale investments	739	737
Adjustments to share-based payments reserve	29	(603)
Currency translation movements of deferred tax balances of foreign operations	(397)	(355)
Income tax expense/(benefit) reported in equity	366	(216)
Reconciliation between tax expense and pre-tax net profit		
A reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax from continuing operations	62,842	59,758
Profit before tax from discontinued operations	–	1,019
Accounting profit before income tax expense	62,842	60,777
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2012: 30%) on the accounting profit	18,852	18,233
Increase in income tax expense due to:		
Non-deductible depreciation and amortisation of buildings	215	170
Non-refundable franking credits grossed up	47	42
Non-deductible items and losses in non-resident controlled entities	927	643
Non-deductible acquisition and capital costs	75	84
Amortisation of management rights and other intangible assets	330	275
Share of associates' net loss	5	1
	1,599	1,215
Decrease in income tax expense due to:		
Prior year tax losses of non-resident controlled entities not previously recognised offset against current period profit	1,539	5,064
Difference between book and tax values in joint operation acquired during the period	1,471	–
Franking credits on dividends received	158	142
Share of incorporated joint venture net profit	465	391
Difference between book and tax values for investment properties recognised	150	3
Sundry items	391	177
	4,174	5,777
Income tax under/(over) provided in prior period	325	(158)
	16,602	13,513

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 8 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	31 Dec 2013 \$'000	30 June 2013 \$'000
Associates (refer to Note 14)	143	139
Joint ventures (refer to Note 14)	12,131	2,451
	<u>12,274</u>	<u>2,590</u>

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six months ended 31 December 2013 the Group acquired property, plant and equipment with a cost value of \$39,765,000 (2012: \$38,766,000)

NOTE 10 – GOODWILL AND OTHER INTANGIBLE ASSETS	31 Dec 2013 \$'000
Goodwill and other intangible assets comprise of goodwill, construction rights, management and leasehold rights, liquor licences and software. Movements in goodwill and other intangible assets during the half year period were as follows:	
Balance at the beginning of the period – 1 July 2013 (as restated)	75,770
Additions	10,579
Net foreign currency differences on translation of foreign operations	1,582
Amortisation	(1,867)
Balance at the end of the period – 31 December 2013	<u>86,064</u>

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 11 – LOANS AND BORROWINGS	31 Dec 2013 \$'000	30 June 2013 \$'000
Current		
Non-interest bearing loans		
Loans from other companies – unsecured	811	452
Non-current		
Interest bearing liabilities and borrowings		
Bank loans – secured	112,261	79,467
Deferred financing costs	(1,139)	(1,508)
	111,122	77,959
Non-interest bearing loans		
Loans from other companies – unsecured	2,735	1,434
	113,857	79,393

Bank debt – secured

The Group's Australian 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.

These facilities mature on 15 July 2015 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 1.80% and 2.55% per annum. At 31 December 2013, the Group had drawn \$110,152,000 (30 June 2013: \$78,543,000) under the debt facilities, of which \$nil (30 June 2013: \$nil) was subject to interest rate swaps used for hedging.

Other loans – secured

During the period, certain wholly owned German subsidiaries arranged secured debt facilities comprising of the following:

- €5,000,000 (A\$7,710,000) revolving three-year loan facility; and
- €17,000,000 (A\$26,214,000) 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 reference rate plus a margin of between 0.75% and 2.75% per annum. At 31 December 2013, the Group had not activated the facility and, as a result, there was no debt drawn under the debt facilities.

In addition, a Group entity based in Fiji and its joint operation partner, have a secured bank debt facilities comprising of the following:

- FJ\$68,000 (A\$44,000) revolving guarantee facility; and
- FJ\$6,000,000 (A\$3,899,000) five year advance.

The facilities are secured against a specific property in Fiji.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 12 – SHARE CAPITAL	31 Dec 2013 Shares	30 June 2013 Shares	31 Dec 2013 \$'000	30 June 2013 \$'000
Share capital				
Fully paid ordinary shares	157,949,952	157,902,929	219,126	219,126
Share capital consists of:				
Ordinary shares	157,769,187	157,710,502		
Tax Exempt Share Plan	52,445	48,607		
Employee Share Plan	128,320	143,820		
	157,949,952	157,902,929		
<i>Treasury shares</i>				
Performance shares	2,609,971	2,656,994		
	160,559,923	160,559,923		

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

NOTE 13 – RESERVES	31 Dec 2013 \$'000	30 June 2013 \$'000
Available-for-sale investments revaluation	11,131	9,406
Investment property revaluation	5,121	5,121
Hedging	–	13
Share-based payments	13,148	13,084
Foreign currency translation	7,888	(4,637)
	37,288	22,987

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 14 – INTERESTS IN OTHER ENTITIES

Subsidiaries

A list of subsidiaries of the Group is set out in Note 35 of the 2013 Annual Report. Since 1 July 2013 there have been the following changes to the Group's subsidiaries:

- on 13 November 2013, the Group acquired 100% of Pacific Cinemas (Southport) Pty Limited (refer to Note 15); and
- on 8 October 2013, Movietimes Australia and New Zealand Pty Limited ceased to be a subsidiary of the Group and became an associate investment of the Group (see below).

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	Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)		
		31 Dec 2013 %	30 Jun 2013 %	31 Dec 2013 \$'000	30 Jun 2013 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	(a) 50	(a) 50	2,820	1,481	1,173	915	1,952
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	(a) 50	(a) 50	743	970	376	390	864
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	(b) 50	(b) –	8,568	–	(15)	–	–
				12,131	2,451	1,534	1,305	2,816

Note:

(a) Filmpalast am ZKM Karlsruhe GmbH & Co. KG and Filmpalast Konstanz GmbH & Co. KG were incorporated in Germany.

(b) Loganholme Cinemas Pty Limited was incorporated on 23 August 2013 and on 11 December 2013 acquired the Loganholme cinema complex. Refer to Note 15 for further details on this acquisition.

Associates

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

Name	Principal Activities	Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)		
		31 Dec 2013 %	30 Jun 2013 %	31 Dec 2013 \$'000	30 Jun 2013 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000
Cinesound Movietone Productions Pty Limited	Newsreel and film archive	50	50	143	139	4	(4)	(17)
Digital Cinema Integration Partners Pty Limited	Administration	48	48	–	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	Administration	(a) 60	(a) 60	–	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Operator of Movietimes website	(a) (b) 53	(a) (b) 100	–	–	–	–	–
				143	139	4	(4)	(17)

Note:

(a) Digital Cinema Integration Partners NZ Pty Limited and Movietimes Australia and New Zealand Pty Limited are not consolidated as the Group does not have control and the power to govern financial and operating policies.

(b) The ownership structure of Movietimes Australia and New Zealand Pty Limited changed on 8 October 2013. Prior to that date, the company was a wholly owned subsidiary of the Group.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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NOTE 14 – INTERESTS IN OTHER ENTITIES (CONTINUED)

Joint operations

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

Name	Principal activities	Country of operation	Ownership interest	
			31 Dec 2013 %	30 Jun 2013 %
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
Southport 6 Cinemas Joint Venture	Operator of a multiscreen cinema complex	Australia	^(b) 100	^(b) 51
Toowoomba Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50

Note:

(a) The Fiji Cinema Joint Venture is not consolidated as the Group does not have control and the power to govern financial and operating policies.

(b) The Group acquired 100% of Pacific Cinemas (Southport) Pty Limited on 13 November 2013 and, as a result, Southport 6 Cinemas Joint Venture is no longer a joint operation. Refer to Note 15 for further details on this acquisition.

Operating lease commitments of joint operations

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

	31 Dec 2013 \$'000	30 June 2013 \$'000
Within one year	28,057	27,630
Later than one year but not later than five years	99,843	89,590
Later than five years	84,231	69,192
	212,131	186,412

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – BUSINESS COMBINATIONS

Half-year to 31 December 2013

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 has been remeasured to its fair value, resulting in a gain of \$4,905,000 in the half year ended 31 December 2013.

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	2,378
Other assets	281
Deferred tax assets	15
Employee entitlements	(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 half year ended 31 December 2013 of \$2,140,000 and \$319,000 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.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – BUSINESS COMBINATIONS (CONTINUED)

Half year to 31 December 2013 (continued)

Loganholme Cinemas Pty Limited – acquisition of interest in joint venture

Loganholme Cinemas Pty Limited was incorporated on 23 August 2013 and Birch, Carroll & Coyle Limited holds 50% of the issued share capital. 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. This has been recognised as an interest in joint venture and equity accounted for the period since acquisition. The impact of this acquisition on the income statement for the half year is not material.

Prior comparable half year period

During the half year period to 31 December 2012, there were no significant business combinations.

NOTE 16 – COMMITMENTS AND LEASES

Other than the following, there have been no material changes in commitments and leases since 30 June 2013.

	31 Dec 2013 \$'000	30 June 2013 \$'000
Capital expenditure commitments		
Contracted but not provided for and payable:		
Within one year	2,851	2,732
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	98,754	93,133
Later than one year but not later than five years	316,159	293,282
Later than five years	261,521	257,654
	676,434	644,069

Amounts disclosed in the table above exclude the Group's share of operating lease rentals in respect of the joint operations disclosed in Note 14.

NOTE 17 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2013.

NOTE 18 – EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

For details of the interim 2014 dividend declared after 31 December 2013 refer to Note 6.

NOTE 19 – NON-CASH INVESTING ACTIVITIES

31 December 2013

There were no significant non-cash investing activities during the half year period to 31 December 2013.

31 December 2012

There were no significant non-cash investing activities during the half year period to 31 December 2012.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

1. The interim consolidated financial statements and notes set out on pages 10 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



AG Rydge
Director



DC Seargeant
Director

Dated at Sydney this 20th day of February 2014



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

Report on the financial report

We have reviewed the accompanying half-year financial report of Amalgamated Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, notes 1 to 19 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 half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Amalgamated Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Kenneth Reid
Partner

Sydney

20 February 2014