ABN 51 000 005 103

AMALGAMATED HOLDINGS LIMITED

Annual Report 2014

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2014 ANNUAL REPORT

CONTENTS

Section	Page
Corporate Governance Statement	2
Directors' Report	16
Message from the Chairman regarding the Remuneration Report	26
Directors' Report: Remuneration Report	27
Lead Auditor's Independence Declaration	40
Statement of Financial Position	41
Income Statement	42
Statement of Comprehensive Income	43
Statement of Changes in Equity	44
Statement of Cash Flows	45
Notes to the Financial Statements	
Section 1 – Basis of preparation	
1.1 – Reporting entity	46
1.2 – Basis of preparation	46
1.3 – Foreign currency	47
1.4 – Change in significant accounting policies	48
1.5 – New standards and interpretations not yet adopted	52
Section 2 – Performance for the year	
2.1 – Revenue	53
2.2 – Segment reporting	54
2.3 – Individually significant items	59
2.4 – Discontinued operations	59
2.5 – Taxation	60
2.6 – Earnings per share	63
Section 3 – Operating assets and liabilities	
3.1 – Trade and other receivables	64
3.2 – Inventories	65
3.3 – Property, plant and equipment	65
3.4 – Investment properties	69
3.5 – Goodwill and other intangible assets	70
3.6 – Trade and other payables	72
3.7 – Provisions	72
3.8 – Other liabilities	73
Section 4 – Capital structure and financing	
4.1 – Share capital	74
4.2 – Dividends	75
4.3 – Reserves	76
4.4 – Loans, borrowings and financing arrangements	77
4.5 – Financial risk management	78
Section 5 – Group composition	
5.1 – Business combinations	82
5.2 – Subsidiaries	84
5.3 – Interests in other entities	86
Section 6 – Employee benefits and related party transactions	
6.1 – Share-based payments	89
6.2 – Director and executive disclosures	92
6.3 – Related parties	93
Section 7 – Other information	
7.1 – Commitments and leases	94
7.2 – Contingent liabilities	95
7.3 – Reconciliation of profit for the year to net cash provided by operating activities	95
7.4 – Auditors' remuneration	96
7.5 – Parent entity disclosures	96
7.6 – Events subsequent to reporting date	97
7.7 – Deed of cross guarantee	98
Directors' Declaration	100
Independent Auditor's Report	101
Shareholder Information	103
Other Information	105

CORPORATE GOVERNANCE STATEMENT

1. INTRODUCTION

This 2014 Corporate Governance Statement ("Statement") sets out the key corporate governance principles adopted by the directors in governing Amalgamated Holdings Limited ("Company") and its subsidiaries (collectively referred to as "AHL" or "Group") and reflects the corporate governance policies and procedures which applied during the financial year ended 30 June 2014.

The Company continues to monitor and review its corporate governance policies and procedures.

2. APPROACH TO CORPORATE GOVERNANCE

2.1 Framework and approach to corporate governance and responsibility

The Board has the responsibility for ensuring AHL is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with AHL's responsibility to meet its obligations to all stakeholders. For this reason, the Board is committed to maintaining the highest standards of corporate governance across the Group. The Board believes that corporate governance is about having a set of values and behaviours that underpin AHL's everyday activities and which ensure transparency, risk management, accountability, value creation, fair dealing and protection of the interests of stakeholders. Consistent with this belief, the Board's approach is to consider corporate governance within the broader framework of corporate responsibility and regulatory oversight.

2.2 Compliance with the Corporate Governance Principles and Recommendations

The Australian Securities Exchange ("ASX") has issued the ASX Listing Rules which require listed companies to include in their annual report a statement disclosing the extent to which they have followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Recommendations") in the reporting period. Listed companies must identify the Recommendations that have not been followed and provide reasons for the company's decision. A table outlining the compliance, or otherwise, to the Recommendations has been included in section 11 of this Statement.

The corporate governance page of the Company's website (www.ahl.com.au) contains the documents which are referred to in this Statement. The Statement, charters, code and various policies are regularly reviewed to take account of any recent changes in the law and governance practices.

If a shareholder does not have access to the internet, they may contact the Company Secretary for copies of the relevant documents.

3. BOARD

3.1 Role and responsibilities of the Board

The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders as well as its employees, customers and the community. Its primary responsibilities are:

- providing input into, reviewing and approving the corporate and divisional strategic plans;
- making decisions in relation to matters of a sensitive, extraordinary or strategic nature;
- providing advice and counsel to management on a periodic and ad hoc basis;
- ensuring corporate governance practices are consistent with the Recommendations and are appropriate for the particular circumstances of the Group;
- appointing and where appropriate removing the Managing Director and approving succession plans;
- ratifying the appointment and, where appropriate the termination, of the direct reports to the Managing Director;
- monitoring the performance of the Managing Director and senior management and approving remuneration policies and practices for such Managing Director and senior management;
- enhancing and protecting the reputation of the Group;
- reporting to shareholders;
- ensuring appropriate compliance frameworks and controls are in place and are operating effectively;
- approving and monitoring the effectiveness of and compliance with policies governing the operations of the Group;
- monitoring compliance with regulatory requirements and ethical standards;
- monitoring the integrity of internal control and reporting systems;
- monitoring strategic risk management systems and risk management policies and procedures and oversight of internal controls and review of major assumptions used in the calculation of significant risk exposure;
- reviewing and approving business plans, the annual budget and financial plans, including available resources and major capital expenditure initiatives;
- monitoring and assessing management's performance in achieving any strategies and budgets approved by the Board;
- approving decisions concerning the capital of the Company, including capital restructures;
- reviewing and approving half yearly and annual statutory accounts and other reporting and monitoring financial results on an ongoing basis; and
- determining dividend policy and declaring dividends.

The Board operates in accordance with the principles set out in the Board Charter. The Board Charter details the Board's purpose, role, responsibilities and functions. A copy of the Board's Charter is available from the Company's website or upon request from the Company Secretary.

The Board has delegated responsibility for operation and administration of the Company and Group to the Managing Director and executive management. Responsibilities are delineated by formal authority delegations. Senior executives reporting to the Managing Director have their roles and responsibilities defined in position descriptions.

3.2 Board processes
To assist in the execution of its responsibilities, the Board has in place an Audit and Risk Committee and a Nomination and Remuneration Committee. These Committees have charters which are reviewed on a regular basis. Other Board Committees may be appointed from time to time to deal with issues associated with the conduct of the Group's various activities.

Recommendation 2.4 of the Recommendations states that the Board should establish a nomination committee. The Board has determined that any recommendations required by a nomination committee are undertaken, as required, by the Nomination and Remuneration Committee.

The full Board holds at least seven scheduled meetings each year, including strategy meetings. Unscheduled meetings are arranged as necessary to address any specific significant matters that may arise. Site visits are arranged on a regular basis to improve directors' understanding of the Group's locations and operations.

The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the Managing Director's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions and directors have other opportunities, including visits to business operations, for contact with a wider group of employees.

3.3 Composition of the Board
The composition of the Board is determined using the following principles:
- the Board should comprise of a majority of non-executive independent directors;
- the Board should comprise of directors with a broad range of relevant expertise; and
- the same individual should not exercise the role of Chairman and Managing Director.

The Chairman of the Board is a non-executive director. There is a Managing Director, who is also the Chief Executive Officer. The Board currently has seven non-executive directors, the majority of whom are deemed to be independent under the principles set out below.

The composition of the Board is reviewed periodically by the Chairman and the other directors to ensure that the Board has an appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination and Remuneration Committee identifies suitable candidates with the appropriate expertise and experience, as well as taking into consideration other attributes including diversity, and makes a recommendation to the Board. The Board then appoints the most suitable candidate who must then stand for election at the next general meeting of shareholders. Non-executive directors must stand for re-election at least every three years. The terms and conditions of the appointment and the retirement of directors, including the Managing Director, are first considered by the Nomination and Remuneration Committee and then recommended for determination by the Board. A formal letter of appointment is provided to all incoming non-executive directors.

The Board considers that individually and collectively the directors bring a level of skill, knowledge, experience and diversity that enables the Board to discharge its responsibilities effectively. Further information on the skills, experience and expertise of the directors has been included in section 10.1 of this Statement.

Details of the number of Board meetings and the attendance of the directors have been included in section 10.2 of this Statement.

3.4 Directors' independence
The Board has considered specific principles in relation to a director's independence. The Board has determined that an independent director is a director who is not a member of management (a non-executive director) and who:
- is not a substantial shareholder of the Company or does not have a material beneficial interest in a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or Group, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material professional advisor or a material consultant to the Company or Group;
- is not a material supplier or customer of the Company or Group, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- must have no material contractual relationship with the Company or Group other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In forming this view, the Board has considered and determined that "material", in this context, to be where any director related business relationship has represented, or is likely in the future to represent, the lesser of at least 10% of the relevant segment's or the director related business's revenue. The Board considered the nature of the relevant industries' competition, and size and nature of each director related business relationship, in arriving at this threshold.

Mr AJ Clark resigned as a director of the Company on 25 October 2013. Mr Clark is a director of Carlton Investments Limited ("Carlton"), which is a substantial shareholder of the Company. Carlton is a publicly listed company. Carlton's main activity is the holding of a wide portfolio of ASX listed investments. The Board considered Mr Clark's independence and concluded that, as the nature of Carlton's business is in no way similar to that of the businesses of the Group, the sole holding of this directorship did not impact on the ability and willingness of Mr Clark, during the period of his directorship of the Company, to effectively review and challenge the performance of management and exercise independent and objective judgement for the benefit of all shareholders of the Company.

3.4 Directors' independence (continued)

Mrs PM Mann is a director of Perpetual Superannuation Limited, a subsidiary of Perpetual Limited. Perpetual Limited is a substantial shareholder of the Company. The Board has considered the question of independence of Mrs Mann, and has concluded that, as the nature of Perpetual Superannuation Limited's business is in no way similar to that of the businesses of the Group, the sole holding of this directorship should not impact on the ability and willingness of Mrs Mann to effectively review and challenge the performance of management and exercise independent and objective judgement for the benefit of all shareholders of the Company.

3.5 Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and effectively conducted and for ensuring directors are properly briefed for meetings. The Managing Director is responsible for implementing Group strategies and policies.

Recommendation 2.2 of the Recommendations states that the Chairman should be an independent director. The Chairman, Mr AG Rydge, is not considered an independent director due to the substantial shareholding clause. Mr Rydge was previously Chairman and Managing Director of the Company until retiring from the position of Managing Director on 31 December 2001. The Board has determined that the chairmanship of Mr Rydge is of significant benefit to the Company and Group due to his long standing contribution to, and association with, the Company and extensive knowledge of the film, hospitality, leisure and tourism industries. Mr Rydge has been non-executive Chairman since 1 January 2002.

As Mr AG Rydge is not considered an independent director due to the substantial shareholding clause, the Board has appointed Mr PR Coates as lead independent director.

3.6 Conflict of interest

In accordance with the Corporations Act 2001 and the Company's Constitution, directors give standing notice on appointment of any interest that could potentially conflict with that of the Company or Group and must keep the Board advised of any changes. Where the Board believes a significant conflict of interest exists, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

3.7 Director education

The Company has a process to educate new directors about the nature of the business, current issues, corporate strategy and the Company's expectations of directors. All directors are made aware of their rights to access employees, information and resources. Directors are encouraged to visit facilities of the Group and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge base.

3.8 Independent professional advice

Each director has the right of access to all relevant Company information and to the Group's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the Group's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board.

3.9 Directors' Retirement Plan

The Company previously operated a Directors' Retirement Plan, which was suspended in 2003 in respect of any new director appointments. The plan has been fully accrued since 2007 and the Company has not incurred any additional expense since that date. During the year, the Company paid $165,000 to AJ Clark under the plan. Mr Clark resigned as a director on 25 October 2013.

The Chairman and Managing Director are not eligible to participate in the plan. The total accrued retirement benefits for non-executive directors other than superannuation, and further details on directors' remuneration, are disclosed within the Remuneration Report in the Directors' Report.

4. AUDIT AND RISK COMMITTEE

4.1 Role and responsibilities of the Audit and Risk Committee

The Board approved a revised Charter for the Audit Committee on 29 May 2014 and on that date the Committee became known as the Audit and Risk Committee. The principal change in the responsibilities of the Audit and Risk Committee, in comparison with the previous Audit Committee, is the additional responsibility for assisting the Board with non-financial risk management activities. The Audit and Risk Committee Charter sets out the Committee's roles and responsibilities. Its primary responsibilities are to:

- review and monitor the financial integrity of the Group's financial reports and statements;
- review the adequacy and integrity of the Group's risk management framework and system of internal control and the monitoring of the various control processes;
- ensure compliance with relevant laws, regulations and statutory obligations;
- review and approve the internal and external audit work plans; and
- review significant accounting changes or reporting issues.

The Committee reviews the performance of the external auditor on an annual basis and meets with them during the year to discuss a number of matters including the external audit plan, proposed fees for audit work to be performed, half year and annual reporting and other matters as necessary. The Audit and Risk Committee, in scheduled sessions at the end of each meeting, without the presence of management, addresses questions to the external auditor and Group Internal Audit Manager on matters relating to the Committee's responsibilities.

4.1 Role and responsibilities of the Audit and Risk Committee (continued)
The Committee is responsible for making recommendations to the Board concerning the appointment of the external auditor including remuneration and other terms of the auditor's engagement. The Committee reviews and ensures that the level of any non-audit work carried out by the external auditor is compatible with maintaining audit independence, taking into account the guidelines which it has set. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years, with the most recent rotation having taken place in August 2011.

The Board receives the minutes and regular updates from the Chairman of the Committee, and reviews and approves the charter of the Committee. A copy of the Audit and Risk Committee Charter is available from the Company's website or upon request from the Company Secretary.

4.2 Composition of the Audit and Risk Committee
The Audit and Risk Committee consists of a minimum of three non-executive directors, the majority of whom are independent, and is chaired by an independent director who is not the Chairman of the Board. All Committee members are familiar with finance and accounting procedures.

The members of the Audit and Risk Committee during the year were:
- AJ Clark (Chairman) – independent non-executive director (resigned 25 October 2013);
- DC Grant (Chairman) – independent non-executive director (appointed Chairman of the Committee on 20 November 2013);
- PR Coates – independent non-executive director; and
- AG Rydge – non-executive director.

Other directors who are not members of the Committee may be invited to attend meetings from time to time. The Managing Director, Director Finance & Accounting, Company Secretary, Group Internal Audit Manager and external auditors are invited to attend Committee meetings. Other executives may be invited to Committee meetings at the discretion of the Committee.

The Audit and Risk Committee meets at least four times per year. Details of the number of Committee meetings and the attendance of the Committee members have been included in section 10.2 of this Statement.

5. NOMINATION AND REMUNERATION COMMITTEE
5.1 Role and responsibilities of the Nomination and Remuneration Committee
The Nomination and Remuneration Committee Charter sets out the Committee's roles and responsibilities. Its primary responsibilities are to advise the Board on matters including:
- the composition, remuneration and performance evaluation of the Board;
- the appointment of the Managing Director;
- succession plans for the position of Managing Director; and
- the remuneration strategy for the Managing Director and other senior executives.

The Committee also acts as a nomination committee and reviews the need for appointment of new directors for recommendation to the Board and shareholders for approval.

The Board receives the minutes and regular updates from the Chairman of the Committee, and reviews and approves the charter of the Committee. A copy of the Nomination and Remuneration Committee Charter is available from the Company's website or upon request from the Company Secretary.

5.2 Composition of the Nomination and Remuneration Committee
The Nomination and Remuneration Committee consists of a minimum of three non-executive directors, the majority of whom are independent, and is chaired by an independent director who is not the Chairman of the Board.

The members of the Nomination and Remuneration Committee during the year were:
- AJ Clark (Chairman) – independent non-executive director (resigned 25 October 2013);
- PR Coates (Chairman) – independent non-executive director (appointed Chairman of the Committee on 20 November 2013);
- DC Grant – independent non-executive director (appointed to the Committee on 20 November 2013); and
- AG Rydge – non-executive director.

Other directors who are not members of the Committee may be invited to attend meetings from time to time. The Managing Director and Company Secretary are invited to attend Committee meetings. Other executives may be invited to Committee meetings at the discretion of the Committee.

The Nomination and Remuneration Committee meets at least two times per year and further as required. Details of the number of Committee meetings and the attendance of the Committee members have been included in section 10.2 of this Statement.

6. PERFORMANCE AND REMUNERATION
6.1 Board performance and remuneration
The Board reviews its performance annually to ensure that individual directors and the Board as a whole work efficiently and effectively in achieving their functions set out within the Board Charter. The Chairman annually assesses the performance of individual directors and meets privately with each director to discuss this assessment and any ideas for improvement. At this same time, directors are able to provide feedback on the performance of the Chairman. The Board as a whole discusses and analyses its own performance during the year.

6.1 Board performance and remuneration (continued)
The Board also has in place an annual process to review its performance as well as the performance of the Board Committees. Each director completes a performance evaluation questionnaire. The questionnaire covers topics including:

- the Board's role;
- composition and effectiveness;
- procedures and practices;
- behaviours;
- Board administration; and
- the conduct of the Chairman.

Directors are requested to provide comment and feedback and to evaluate each area by providing a rated response to various questions. The results of the performance evaluation are collated by the Company Secretary and submitted to the Nomination and Remuneration Committee for review. A summary of the results is then submitted to the full Board. The Board evaluation process was last completed in May 2014. The results of the performance evaluation form the basis of an action plan designed to address performance improvement opportunities.

The Group's remuneration philosophy and details of the current remuneration arrangements are outlined within the Remuneration Report. The Remuneration Report confirms that the structure of non-executive director remuneration is separate and distinct from that of senior executive remuneration.

The Nomination and Remuneration Committee is responsible for recommending to the Board, fees applicable to non-executive directors. Non-executive directors may also be reimbursed for their expenses properly incurred as a director, or in the course of their duties. Non-executive directors are also encouraged to own shares in the Company. The non-executive directors do not participate in any other short or long term incentive schemes.

The maximum aggregate amount of fees that may be paid to all non-executive directors each year is capped at $1.5 million, which was approved by shareholders at the 2010 Annual General Meeting. The Board maintains a fee buffer to give it sufficient flexibility to plan its structure in advance of specific needs that may arise. The total fees paid to non-executive directors during the reporting period were $1,067,000.

Information regarding the Directors' Retirement Plan has been included at section 3.9 of this Statement, and disclosed within the Remuneration Report.

6.2 Executive performance and remuneration
Each year, the Board, with the assistance of the Managing Director, and the Nomination and Remuneration Committee, undertake a formal process of reviewing the performance of senior executives. The measures generally relate to the performance of the Group, the performance of the senior executive's division or department and the performance of the senior executive individually.

The Nomination and Remuneration Committee and the Board review the performance of the Managing Director. The Managing Director is not present at the Nomination and Remuneration Committee or Board meetings when his own performance and remuneration are being considered.

For senior executives, the Managing Director conducts interviews with each executive and provides comments and feedback in relation to the senior executive's performance. A formal review process occurs for each employee with nominated supervisors conducting the performance review. The formal review process occurs annually and was completed in June 2014. Further details on the assessment criteria for the Managing Director and senior executive remuneration (including equity-based share plans) are disclosed within the Remuneration Report.

6.3 Remuneration Report
The Remuneration Report is set out with, and forms part of, the Directors' Report for the year ended 30 June 2014.

7. RISK MANAGEMENT
7.1 Risk profile and oversight of the risk management system
The Board has established a formal policy for risk management and a framework for monitoring and managing material business risks on an ongoing basis. The governance of this policy has been delegated to the Audit and Risk Committee. The Audit and Risk Committee oversees the establishment, implementation and annual review of the Group's risk management and internal control systems. Management has established and implemented the systems for identifying, assessing, monitoring and managing material operational, financial reporting, internal controls and compliance risks for the Group.

The systems and processes implemented to manage material risks include:

- risk management framework;
- clearly defined management responsibilities and organisational structure;
- delegated limits of authority;
- treasury and accounting controls and reconciliations;
- comprehensive management reporting systems;
- budgeting and strategic planning processes;
- segregation of duties;
- physical security over the Group's assets;
- appropriate policies and procedures that are widely disseminated to, and understood by, employees;
- specific work health and safety policies and procedures; and
- risk management and internal audit functions.

7.1 Risk profile and oversight of the risk management system (continued)
Divisional Managing Directors and other senior executives complete and sign off on an annual Directors' Risk Management Questionnaire. The operational and other compliance risk management procedures have also been assessed and found to be operating efficiently and effectively. All risk assessments cover the whole financial year and the period up to the signing of the annual financial report for all material operations in the Group. The annual Directors' Risk Management Questionnaire for the year ended 30 June 2014 was completed in July 2014.

As well as the Directors' Risk Management Questionnaire, matters relating to the business risk and risk management system are analysed and discussed as part of the annual strategic planning process. The Audit and Risk Committee provides assistance to management in the development and maintenance of processes to identify, assess and mitigate business risks.

A summary of the Risk Management Policy is available from the Company's website or upon request from the Company Secretary.

7.2 Financial reporting
The Managing Director and the Director Finance & Accounting have declared in writing to the Board that the financial report of the Group is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. The declarations for the year ended 30 June 2014 were received in August 2014.

7.3 Internal Audit
The Group Internal Audit Manager assists the Audit and Risk Committee in ensuring compliance with internal controls and risk management programs, by regularly reviewing the effectiveness of compliance and control systems. The Audit and Risk Committee is responsible for approving the program of internal audit visits to be conducted each year and the scope of the work to be performed at each location, and for reviewing the outcomes of internal audit activities.

7.4 Code of Ethics and Business Conduct
The Company has a Code of Ethics and Business Conduct ("Code"), which has been endorsed by the Board and applies to all directors and Group employees. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code encapsulates that all directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they refer any issues arising from their employment.

The Board reviews the Code regularly and processes are in place to promote and communicate the Code's contents. The Code is available from the Company's website or upon request from the Company Secretary.

7.5 Whistleblowing Policy
The Company has a Whistleblowing Policy. The policy is designed to support and protect any employees who report non-compliant, suspicious or unethical conduct by other employees of the Group, regardless of the seniority of those involved in the alleged conduct. The Whistleblowing Policy formalises the Company's commitment to protect the confidentiality and position of employees wishing to raise serious matters that affect the integrity of the Company and Group.

The Audit and Risk Committee, on behalf of the Board, reviews the Whistleblowing Policy regularly and processes are in place to promote and communicate the Whistleblowing Policy's contents. The Whistleblowing Policy is available from the Company's website or upon request from the Company Secretary.

7.6 Legal compliance training
All senior management personnel are required to complete legal compliance training at least once every two years. The training covers such topics as:

- contract fundamentals;
- issues relating to the Competition and Consumer Act 2010;
- employment contracts, termination and redundancy;
- harassment and discrimination;
- workplace relations;
- occupational health and safety obligations; and
- corporate policies (including limits of authority and share trading).

7.7 Dealing in Company shares by directors and employees
The Company has a Share Trading Policy Guide. It is the policy of the Company that directors and senior executives can only buy or sell shares in the Company in the six week period from (and including) the second business day following any price sensitive announcement including the half year and full year results, and the Annual General Meeting. Trading outside of this period can only be conducted with prior written approval, which will only be provided in certain exceptional circumstances. This policy is subject to the overall restriction that persons may at no time deal in any securities when they are in possession of price sensitive information. The policy is also applicable to all other employees of the Group.

All directors have entered into written agreements to notify the Company Secretary when they buy or sell shares in the Company. In accordance with the provisions of the Corporations Act 2001 and the ASX Listing Rules, the Company Secretary advises the ASX of any transactions conducted by directors in shares in the Company. This information is also reported to the Board.

7.7 Dealing in Company shares by directors and employees (continued)
Each senior executive is requested, on an annual basis, to provide information regarding the financial arrangements (including margin loans) attached to their personal holdings of shares in the Company. In addition, each senior executive has provided an undertaking to advise the Company Secretary of any subsequent change regarding the financial arrangements (including margin loans) attached to their personal holdings of shares. This information is reported to the Board.

The policy prohibits employees from using derivatives or entering into transactions that operate, or are intended to operate, to limit the economic risk of unvested entitlements to shares, including unvested performance shares and performance rights issued under the Group's long term incentive scheme.

The Share Trading Policy Guide is available from the Company's website or upon request from the Company Secretary.

8. COMMUNICATION AND ENVIRONMENT
8.1 Continuous Disclosure Policy
The Board's commitment to providing shareholders with equal and timely access to material information concerning the Group is set out within the Continuous Disclosure Policy. The Continuous Disclosure Policy assists the Group in complying with the continuous disclosure obligations contained in applicable ASX Listing Rules and the Corporations Act 2001.

Under the Continuous Disclosure Policy, the Board has appointed the Chairman, the Managing Director and the Director Finance & Accounting as Joint Disclosure Managers, with reference to the Company Secretary on administrative matters. The Joint Disclosure Managers are responsible for identifying matters that would be likely to have a material effect on the price or value of the Company's shares, where necessary informing the Board, and ensuring that such information is released to the ASX by the Company Secretary.

The Continuous Disclosure Policy is available from the Company's website or upon request from the Company Secretary.

In addition:
- the half year report contains summarised financial information and a review of the operations of the Group during the period, and this report is made available on the Group's website;
- the annual report is distributed to all shareholders who have requested to receive a copy. The Board ensures that the annual report contains disclosures required by the Corporations Act 2001 and the ASX Listing Rules;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website;
- details of all meetings with investors and analysts are retained by the Group, including details of what was discussed, the persons present and the time and location of the meeting;
- the Chairman's address is presented at the Annual General Meeting and subsequently distributed by mail to all shareholders; and
- notification is made to the ASX of any other significant matters regarding the Group in accordance with the ASX Listing Rules.

The above information, including that of the previous three years, is made available on the Group's website within one day of public release.

8.2 Shareholders and the Annual General Meeting
The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to shareholders as single resolutions and in plain English. Shareholders are requested to vote on the appointment and maximum aggregate amount of fees that may be paid to all non-executive directors, the granting of performance shares and performance rights to the Managing Director and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the Independent Auditor's Report. The meeting is held in Sydney and shareholders can attend in person or send a proxy as their representative. Unless indisposed, all current directors and senior executives attend the meeting, along with the external auditor.

A copy of the Constitution is available to any shareholder who requests it.

8.3 Environmental reporting system
The Group's operations are subject to various environmental regulations under Commonwealth, state or territory and other applicable legislation.

The Group has an established environmental reporting system for its environmentally sensitive businesses, which monitors compliance with existing environmental regulations and new regulations as they are enacted. The recreational and other ancillary activities conducted by those businesses are subject to various licences and legislation issued under environmental laws that apply in each respective location. The Board has a responsibility to ensure that robust systems are in place to manage the assets in a sustainable and responsible manner and to ensure that the activities of each business are conducted in compliance with legislation.

The reporting system is documented in a legal compliance manual and includes procedures to be followed should an incident occur which may adversely impact the environment. The directors are not aware of breaches of any applicable legislation during the year, which are material in nature, and have no reason to believe that any possible legal or remedial action would result in a material cost or loss to the Group.

9. DIVERSITY

9.1 Diversity in the workplace

The Board is committed to an inclusive workplace that embraces and promotes diversity, including indigenous and disability employment, equal opportunity and women in management. The Board has delegated management of diversity to the Nomination and Remuneration Committee.

The Group's Diversity Policy formalises the Group's commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. Progress in respect of the measurable objectives for the Group are reviewed on an annual basis by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee receives reports on the Group's diversity related initiatives and facilitates periodic reporting to the Board.

The Group has adopted the following initiatives to progress the objectives of its Diversity Policy:

- reporting on the gender diversity within the Group to the Board (set out in section 9.2 below); and
- aiming to increase the percentage of women in Board and senior management positions as vacancies arise, subject to identification of candidates with appropriate skills.

The Diversity Policy is available from the Company's website or upon request from the Company Secretary.

Since the 2013 Annual General Meeting, there have been eight directors on the Board, with two directors being women, representing 25%.

The Group submitted reports in May 2014 in accordance with the Workplace Gender Equality Act 2012 ("WGEA"). In accordance with WGEA requirements, separate reports were submitted for Cinema Exhibition, Hotels and Resorts, and Thredbo, and these reports are available at www.ahl.com.au.

9.2 Gender representation

The gender representation profile for the Board, other key management personnel, other senior executives, and all employees of the Group is as follows:

	30 June 2014		30 June 2013	
	Female	Male	Female	Male
Board	25%	75%	14%	86%
Other key management personnel	–%	100%	20%	80%
Other senior executives	23%	77%	25%	75%
All Group employees	49%	51%	47%	53%

10. DIRECTORS' QUALIFICATIONS AND ATTENDANCE AT MEETINGS

10.1 Directors' qualifications, experience and independent status

Alan Rydge

Age 62. 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.

Anthony Clark *AM, FCA, FAICD*

Age 75. Mr Clark resigned on 25 October 2013. Prior to his resignation, Mr Clark held the position of an independent non-executive director, Audit Committee member and Nomination and Remuneration Committee member. Mr Clark was also chairman of the Audit Committee and Nomination and Remuneration Committee and held the position of lead independent director.

Experience

A company director with 50-plus years accounting, audit, consulting and finance related experience. Mr Clark previously practised as a Chartered Accountant.

Directorships

Directorships of other listed companies, held during the last three years, comprise:

- Carlton Investments Limited (appointed 2000);
- Ramsay Health Care Limited (appointed 1998); and
- Sphere Minerals Limited (appointed 2010).

10.1 Directors' qualifications, experience and independent status (continued)

Kenneth Chapman ***MB BS, FAICD, FAIM, AFRACMA***
Age 52. 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.

Peter Coates ***AO***
Age 68. 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' experience includes exposure to domestic and international business practices, mergers and acquisitions and the development of industry-leading workplace reporting and governance standards for numerous joint venture partnerships and companies listed in Australia and the United Kingdom. Former 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;
- Glencore International plc (resigned 2013);
- Glencore Xstrata plc (appointed 2013); and
- Sphere Minerals Limited (appointed director and chairman 2013).

Valerie Davies ***FAICD***
Age 63. 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
Ms Davies held the following positions during the last three years:
- director of HBF Health Limited;
- director of The Youth Focus Foundation Pty Limited; and
- commissioner of Tourism Western Australia.

David Grant ***BComm, CA, GAICD***
Age 50. Independent non-executive director and Board member appointed 25 July 2013. Audit and Risk Committee member and Nomination and Remuneration Committee member and Chairman of the Audit and Risk Committee.
Experience
A company director with 20-plus years accounting and finance related experience. Mr Grant is a Chartered Accountant and previously held roles with Goodman Fielder Limited, Consolidated Rutile Limited and Iluka Resources Limited. Mr Grant was also a founding director of New Zealand-based Trans-Tasman Resources Ltd.
Directorships
Mr Grant is a director, and chairman of the Audit and Risk Committee, of iiNet Limited.

Patria Mann ***BEc, CA, FAICD***
Age 52. Independent non-executive director and Board member appointed 25 October 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 (and chair of the Audit, Risk and Compliance Committee);
- 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.

10.1 Directors' qualifications, experience and independent status (continued)

Richard Newton *BBus (Marketing), FAICD*
Age 54. 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.

David Seargeant
Age 64. 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; ***AM*** Member in the Order of Australia; ***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; ***FCA*** Fellow of The Institute of Chartered Accountants in Australia; ***GAICD*** Graduate Member of the Australian Institute of Company Directors; and ***MB BS*** Bachelor of Medicine and Bachelor of Surgery.

10.2 Directors' attendance at 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 are:

	Directors' meetings		Audit and Risk Committee meetings [b]		Nomination and Remuneration Committee meetings [b]	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
AG Rydge	7	7	4	4	7	7
AJ Clark [a]	3	3	1	1	3	3
KG Chapman	7	7	–	–	–	–
PR Coates	7	6	4	4	7	6
VA Davies	7	7	–	–	–	–
DC Grant [b]	7	7	3	3	4	4
PM Mann [c]	4	4	–	–	–	–
RG Newton	7	7	–	–	–	–
DC Seargeant [d]	7	7	4	4	4	4

(a) AJ Clark resigned on 25 October 2013.
(b) DC Grant was appointed on 25 July 2013.
(c) PM Mann was appointed on 25 October 2013.
(d) 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.

11. RECOMMENDATIONS

The following table outlines the compliance, or otherwise, with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition):

		Paragraph reference	Comply
Recommendation 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	3.1	Yes
Recommendation 1.2	Companies should disclose the process for evaluating the performance of senior executives.	6.2	Yes
Recommendation 1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.		
	Guide to reporting on Principle 1 The following material should be included in the corporate governance statement in the annual report:		
	• an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; and	–	Not applicable
	• whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.	6.2	Yes
	A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	3.1	Yes
Recommendation 2.1	A majority of the board should be independent directors.	3.3, 10.1	Yes
Recommendation 2.2	The chair should be an independent director.	3.5, 10.1	No
Recommendation 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	3.3	Yes
Recommendation 2.4	The board should establish a nomination committee.	3.2	Yes
Recommendation 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	6.1	Yes
Recommendation 2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.		
	Guide to reporting on Principle 2 The following material should be included in the corporate governance statement in the annual report:		
	• the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	3.3, 10.1	Yes
	• the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	3.4, 10.1	Yes
	• the existence of any of the relationships affecting the independent status of a director and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships;	3.4	Yes
	• a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	3.8	Yes
	• a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;	3.3	Yes
	• the period of office held by each director in office at the date of the annual report;	10.1	Yes
	• the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out;	5.2, 10.2	Yes

11. RECOMMENDATIONS (continued)		Paragraph reference	Comply
	• whether a performance evaluation for the board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and	6.1	Yes
	• an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	3.3, 3.4, 3.5	Yes
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	• a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors;	3.3	Yes
	• the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	5.1, 5.2	Yes
	• the board's policy for the nomination and appointment of directors.	3.3	Yes
Recommendation 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	7.4, 7.5	Yes
Recommendation 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	9.1, 9.2	Yes
Recommendation 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	9.1, 9.2	Yes
Recommendation 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	9.1, 9.2	Yes
Recommendation 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.		
	Guide to reporting on Principle 3 An explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report.	–	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	• any applicable code of conduct or a summary; and	7.4	Yes
	• the diversity policy or a summary of its main provisions.	9.1, 9.2	Yes
Recommendation 4.1	The board should establish an audit committee.	3.2, 4.1, 4.2	Yes
Recommendation 4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	4.2	Yes
Recommendation 4.3	The audit committee should have a formal charter.	4.1	Yes
Recommendation 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.		

11. RECOMMENDATIONS (continued)

		Paragraph reference	Comply
	Guide to reporting on Principle 4 The following material should be included in the corporate governance statement in the annual report:		
	• the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out;	4.2, 10.1, 10.2	Yes
	• the number of meetings of the audit committee; and	4.2, 10.2	Yes
	• explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.	–	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	• the audit committee charter; and	4.1	Yes
	• information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	4.1	Yes
Recommendation 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	8.1	Yes
Recommendation 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.		
	Guide to reporting on Principle 5 An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.	–	Not applicable
	The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	8.1	Yes
Recommendation 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	8.1, 8.2	Yes
Recommendation 6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.		
	Guide to reporting on Principle 6 An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.	–	Not applicable
	The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	8.1, 8.2	Yes
Recommendation 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	7.1	Yes
Recommendation 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3.1, 4.1, 7.1, 7.2, 7.3	Yes

11. RECOMMENDATIONS (continued)

		Paragraph reference	Comply
Recommendation 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	7.2	Yes
Recommendation 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.		
	Guide to reporting on Principle 7 The following material should be included in the corporate governance statement in the annual report:		
	• explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4;	–	Not applicable
	• whether the board has received the report from management under Recommendation 7.2; and	7.1	Yes
	• whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.	7.2	Yes
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	• a summary of the company's policies on risk oversight and management of material business risks.	7.1	Yes
Recommendation 8.1	The board should establish a remuneration committee.	3.2, 5.1, 5.2	Yes
Recommendation 8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	5.2	Yes
Recommendation 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	6.1, 6.2	Yes
Recommendation 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.		
	Guide to reporting on Principle 8 The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the annual report:		
	• the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out;	5.2, 10.1, 10.2	Yes
	• the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and	3.9, 6.1	Yes
	• an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.	–	Not applicable
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	• the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	5.1, 5.2	Yes
	• a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	7.7	Yes

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 2014 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

AJ Clark
Director resigned 25 October 2013

KG Chapman
Director since 2010

PR Coates
Director since 2009

VA Davies
Director since 2011

DC Grant
Director appointed 25 July 2013

PM Mann
Director appointed 25 October 2013

RG Newton
Director since 2008

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

Particulars of the qualifications, experience and independence status of each director, as at the date of this report, are set out within the Corporate Governance Statement included within the Annual Report.

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 have been disclosed within the Corporate Governance Statement included within the Annual Report.

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 (formerly Chartered Secretaries Australia).

DI Stone ACA, 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 member of The Institute of Chartered Accountants in England and Wales and a member of the Governance Institute (formerly Chartered Secretaries Australia).

PRINCIPAL ACTIVITIES
The principal activities of the Group during the course of the year were:
- motion picture exhibition;
- operation of hotels, resorts, bars and restaurants;
- ownership of cinema, drive-in and hotel properties;
- ownership and operation of Thredbo Alpine Resort;
- ownership and operation of the State Theatre, Sydney;
- ownership of investment properties, including office and retail properties;
- property development activities;
- supply of cinema equipment; 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 $78,563,000 (2013: $85,792,000), a decrease of $7,229,000 or 8.4% below the prior year result. The normalised result* before interest and income tax expense was $115,196,000 (2013: $118,048,000), a decrease of $2,852,000 or 2.4% below the prior year result. The normalised result after tax was $75,160,000 (2013: $82,859,000), a decrease of $7,699,000 or 9.3% below the prior year result.

The individually significant items for the 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 prior year included profits on the sale of both Featherdale Wildlife Park and a Melbourne investment property, partially offset by non-recurring pre-opening costs of $3,251,000 relating to the pre-opening and launch of QT Sydney. The individually significant items were a net income item after tax of $3,403,000 (2013: $1,575,000).

A summary of the normalised result is outlined below:

	2014			2013		
	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	63,165	–	63,165	59,920	–	59,920
New Zealand	4,230	–	4,230	3,757	–	3,757
Germany	14,867	–	14,867	26,134	–	26,134
Hospitality and Leisure						
Hotels and Resorts	32,759	–	32,759	20,496	–	20,496
Thredbo Alpine Resort	6,525	–	6,525	11,833	–	11,833
Leisure and Attractions	1,550	–	1,550	2,180	2,305	4,485
Entertainment Technology						
Technology	1,742	–	1,742	1,292	–	1,292
Property and Other Investments						
Available-for-sale financial assets	604	–	604	547	–	547
Property	6,130	–	6,130	5,871	–	5,871
Unallocated revenues and expenses	(16,376)	–	(16,376)	(13,982)	–	(13,982)
	115,196	–	115,196	118,048	2,305	120,353
Finance revenue	1,360	–	1,360	1,784	–	1,784
Finance costs	(8,252)	–	(8,252)	(7,392)	–	(7,392)
	108,304	–	108,304	112,440	2,305	114,745
Income tax expense	(33,144)	–	(33,144)	(29,581)	(947)	(30,528)
	75,160	–	75,160	82,859	1,358	84,217
Individually significant items – net of tax			3,403			1,575
Profit for the year			78,563			85,792

* 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) and discontinued operations. 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 continuing operations. The normalised result is an unaudited non-IFRS measure.

An analysis of the last five years is outlined below:

	2014	2013	2012	2011	2010
Total revenue and other income [(a)] ($’000)	1,097,138	1,039,535	790,285	784,949	812,840
Basic earnings per share (cents)	49.7	54.3	50.6	88.7	66.4
Dividends declared [(b)] ($’000)	67,435	67,435	62,618	65,518	58,522
Dividends per share (cents)	42	42	39	37	37
Special dividend per share (cents)	–	–	–	4	–

(a) Total revenue and other income for 2014 and 2013 (restated) reflects the adoption of AASB 11 *Joint Arrangements* with effect from 1 July 2012. The effect of the adoption of AASB 11 is explained in Note 1.4 to the financial statements.

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

Overview of the Group (continued)

Individually significant items comprised the following:

	2014 $'000	2013 $'000
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)	(1,012)
Pre-opening expenses relating to the launch of QT Sydney	–	(3,251)
Profit on sale of an investment property	–	1,439
Profit on sale of Featherdale Wildlife Park	–	5,024
Total individually significant items before income tax benefit/(expense)	2,759	2,200
Income tax benefit/(expense) relating to individually significant items	644	(625)
Total individually significant items after income tax benefit/(expense)	3,403	1,575

Investments

The Group acquired property, plant and equipment totalling $71,378,000 during the year. The acquisitions were primarily attributable to the refurbishment requirements for the cinemas, hotels and resorts and the infrastructure and operational requirements for the Thredbo Alpine Resort. Acquisitions exclude capital expenditure incurred through joint ventures.

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 most recent valuations were completed as at June 2013, February 2013 and June 2012. The total value of the Group's interest in land and buildings, excluding investment properties, based on these independent valuations is $911,686,000 (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 2014 was $680,685,000.

Capital structure

Cash and term deposits at 30 June 2014 totalled $91,069,000 and total debt outstanding was $108,027,000.

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 2014, the Group had no interest rate hedges (2013: 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 facilities mature on 15 July 2015 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

Operating net cash inflows decreased to $122,746,000 from $134,665,000 in the prior year to 30 June 2013. The lower trading cash flows were due to a reduction in cash provided by operations, reflecting the trading result for the year, and the timing of tax payments.

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	2014	2013	Movement
Cinema locations *	67	67	–
Cinema screens *	629	623	6

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

The normalised profit before interest and income tax expense was $63,165,000, an increase of 5.4% on the prior year normalised result. The solid result was achieved despite a generally soft film line up with Box Office for the full year of $406 million, reflecting a decline of 3.2% over the prior year.

Offsetting this decline was a 20% increase in screen advertising revenue and significant operating cost savings. Box Office over the first quarter was particularly soft with stronger performing titles being released over the Christmas trading period. These included *The Hunger Games: Catching Fire*, *The Hobbit: The Desolation of Smaug* and the very successful animated feature *Frozen* all achieving in excess of $30 million at the Australian Box Office. Easter was similarly stronger with the release of *The Lego Movie* which achieved in excess of $25 million. Box Office for June whilst relatively strong fell significantly short of the prior year record breaking month.

Merchandising revenue per admission experienced positive growth over the prior year particularly across the Gold Class circuit.

During the year, the Group acquired a 50% interest in a 12 screen cinema complex at Logan in south east Brisbane. The complex includes one large format screen, equivalent to Vmax and 2 Gold Class equivalent auditoriums. The Group also purchased the remaining 49% interest in the 10 screen cinema complex at Southport on the Gold Coast, taking the ownership of this site to 100%. The Group also completed the refurbishment of the Blacktown Drive In which has since achieved strong growth in both admissions and merchandising revenue.

During the year, the Group closed the six screen cinema at Russell Street Melbourne and plans are underway to redevelop the site to include a QT hotel.

Cinema Exhibition – New Zealand

As at 30 June	2014	2013	Movement
Cinema locations *	17	16	1
Cinema screens *	120	116	4

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $4,230,000, an increase of 12.6% on the prior year normalised result.

The New Zealand business produced a strong result predominately due to significant cost savings achieved throughout the year. The Box Office declined over the prior year by 0.8% with the main releases for the year 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. The other major contributors for the year were *Frozen*, *Gravity* and *The Lego Movie* which all achieved in excess of NZ$4 million. Merchandising revenue continued to grow with a 2.7% improvement in spend per admission over the prior year. Screen advertising was impacted by the expiry of the minimum guarantee arrangements.

During the year, the Group completed its digital roll-out of the circuit in New Zealand with the conversion to digital of the remaining screens in the Rialto Joint Venture. 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 (66.7% share in three cinemas) which is included in the New Zealand business opened a new four screen cinema complex in Suva during the year.

Cinema Exhibition – Germany

As at 30 June	2014	2013	Movement
Cinema locations *	53	54	(1)
Cinema screens *	411	420	(9)

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $14,867,000, a decrease of $11,267,000 or 43.1% on the prior year normalised result.

After a strong end to the first half of the year, the second half of 2014 was a severely impacted by Box Office for the month of June due to the World Cup soccer championships in Brazil. This was in sharp contrast to the record Box Office for June in the prior year.

Box Office for the German circuit decreased by 13.26% over the prior year.

Unlike previous years, there was only one film with more than six million admissions in Germany in the current year, this being the German production *Fack Ju Göhte* which achieved seven million admissions. The other top performing films at the German Box Office were the blockbuster films *The Hobbit: The Desolation of Smaug, Frozen, The Wolf of Wall Street, Despicable Me 2, The Hunger Games: Catching Fire,* and the German films *Der Medicus* and *Vaterfreuden*.

German film product represented 20% of the total Box Office. Live broadcasts of opera and other alternative content continued to grow in popularity contributing a share of 1.6% to total Box Office compared to 1.0% in the prior year.

Merchandising spend per admission increased by 4.2% over the prior.

During the year, there was capital expenditure arising from the digital projection roll-out, the roll-out of a new ticketing system with voucher sales and loyalty functionality, and the continuing renovation of cinema auditoria and foyers.

There was a favourable impact from the currency translation to Australian dollars.

Other achievements during the year were the settlement and closure of the loss making Augsburg site, the successful settlement of a rental dispute for a site in Frankfurt and the opening of a digital IMAX screen in Karlsruhe.

HOSPITALITY AND LEISURE
Hotels and Resorts

As at 30 June	2014	2013	Movement
Locations *	49	45	4
Rooms *	9,039	8,349	690

* Owned and managed hotels.

The normalised profit before interest and income tax expense was $32,759,000, an increase of $12,263,000 or 60% on the prior year normalised result.

This increase in normalised profit 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 $12,263,000 increase in normalised profit, some $6,135,000 or 50.0% was attributable to QT Sydney.

Occupancy in the Group's owned hotels increased over the prior comparable period by 4.9 percentage points to 72.2%. Average room rate increased 4.6% to $157.

Solid growth in the corporate and conference segments drove occupancy across the majority of the Group's Hotels in the Australian and New Zealand capital cities. This was particularly the case in the Sydney and Melbourne markets.

Softer demand from the mining sector impacted on Hotels located in Perth, Brisbane and Gladstone.

The domestic leisure segment remained highly competitive with third party online sites targeting discounted offers.

Progress was made in achieving reductions in the cost of goods sold and other key supply costs, reflecting better purchasing at both a national and local level.

A major refresh of the Rydges brand was implemented during the year. This included striking new logos, signage and staff uniforms and the major launch of Free Guest WiFi across all Rydges, QT and Atura branded hotels.

The Group continues to expand the number of hotels operated under management contract, gaining the 134 room Rydges Latimer Christchurch and the 284 room Rydges Sydney Central.

Hotels and Resorts (continued)
The QT brand continued to gain both local and international recognition and profile and this is driving growth in both occupancy and average room rate market share. The redevelopment of Rydges Lakeside and relaunch as QT Canberra was completed during the year. The new QT Bondi is expected to open in the third quarter of 2015, with QT Melbourne scheduled for a mid 2016 opening.

The first Hotel under the Atura brand opened in mid October 2013 on the site of the Group's Blacktown Drive In in Western Sydney adjacent to the new Wet'n'Wild theme park. A conversion of Rydges Albury to Atura is planned for late 2014 and the Group has agreed to acquire the Chifley Doveton in Melbourne which will also be rebranded to Atura.

Thredbo Alpine Resort
The normalised profit before interest and income tax expense was $6,525,000. The result represented a decline of $5,308,000 or 44.9% on the prior year normalised result.

The 2013 season was one of the worst on record with any material snowfall during the season followed by warm winds and rain. The season closed on 16 September 2013, three weeks before the traditional season end. Total revenue declined by $6,346,000 to $47,622,000.

Skier days declined by 37,380 days on the prior year with the average lift ticket price declining by $5.76 to $43.56. This was due to a higher proportion of season pass sales and discounted pricing in times of poor snow during the early and later periods of the season.

Normalised summer revenues, after accounting for a change in approach to the accounting of 365 season pass revenue, grew by 6% to $10,539,000 with the Thredbo Alpine Hotel delivering 17% revenue growth and Mountain Biking showing a 23% increase.

Leisure and Attractions
The normalised profit before interest and income tax expense was $1,550,000, a decrease of $630,000 or 28.9% on the prior year normalised result.

The result from the State Theatre was affected by the Theatre being closed for three months during the first half of the year to allow refurbishment works.

The Featherdale Wildlife Park was sold in June 2013 and was presented as a discontinued operation in the prior year.

ENTERTAINMENT TECHNOLOGY
The normalised profit before interest and income tax expense was $1,742,000, an increase of $450,000 or 34.8% on the prior year normalised result. This was due in large part to the additional digitisation contract work obtained during the year from independent cinemas.

STRATEGIC INVESTMENTS
Property
The normalised profit before interest and income tax expense was $6,130,000, representing an increase of $259,000 or 4.4% on the prior year normalised result. The result included a fair value increment of the investment properties of $624,000, compared to a fair value increment in the prior year of just $16,000.

DIRECTORS' REPORT

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

Enhancing the customer experience

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;
- continued expansion of the 3D digital footprint within the Australian, New Zealand and German circuit to ensure all regions have access to the release of 3D titles; and
- enhanced customer communication and ticketing through online applications.

Maximising returns from existing locations

The cinema exhibition markets in the locations in which the Group currently operates, are considered to be mature markets with limited growth and expansion opportunity. The Group anticipates achieving growth primarily through further expansion of the premium cinema concepts of Gold Class and Vmax and building higher frequency through loyalty programs.

Rationalising under-performing cinema sites

The Group will continue to pursue the policy of rationalising under-performing cinema sites. All sites, in all territories, are reviewed periodically and, where it is assessed that there is limited profit or potential for performance turnaround, an exit strategy is formulated. Where the site (or group of sites) is subject to long term leases, the exit strategy may be over a protracted period of time.

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:

- increase in capital expenditure resulting from the deployment of a digital platform for film exhibition;
- 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.

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 innovative and dynamic 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 the converted QT Canberra (formerly Rydges Lakeside) and the QT resorts at Gold Coast, Port Douglas and Falls Creek. Development of the former Russell Street cinema site in Melbourne to a new QT hotel is also underway.

Atura Hotels

The Group has 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.

Atura Blacktown opened in October 2013. A conversion of Rydges Albury to Atura is planned for late 2014 and the Group has agreed to acquire the Chifley Doveton in Melbourne which will also be rebranded to Atura. The Group will also seek 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.

ENTERTAINMENT TECHNOLOGY

The strategic plans for Entertainment Technology are applicable to each of the technology businesses.

Maintaining pace with technological advances

The Group will continue to build knowledge in relation to evolving cinema systems, and in particular digital projection systems.

Maximising returns from existing businesses

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.

Industry developments

The Group is assessing potential income streams from digital content delivery platforms, including alternate content distribution.

STRATEGIC INVESTMENTS

Property

Maximising returns from existing properties

The Group has a number of property assets that it intends to redevelop over time. The timing of these redevelopments is dependent on the type of use and stage of the property cycle.

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 2013 dividend	27	43,351	19 September 2013	30%
Interim 2014 dividend	15	24,084	20 March 2014	30%
		67,435		
Declared after the end of the year				
Final 2014 dividend	27	43,351	18 September 2014	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 27 to 39 and has been audited as required by section 308(3C) of the Corporations Act 2001.

EVENTS SUBSEQUENT TO REPORTING DATE
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	–	–
AJ Clark [(b)]	–	–	–	–
KG Chapman	3,000	54,000	–	–
PR Coates	–	36,500	–	–
VA Davies	–	10,000	–	–
DC Grant	1,000	–	–	–
PM Mann	–	2,000	–	–
RG Newton	–	66,000	–	–
DC Seargeant	453,490	16,000	930,000	205,000

(a) Relevant interest under the Corporations Act 2001 differs from the disclosure required under Australian Accounting Standards as presented in the Remuneration Report.
(b) AJ Clark resigned on 25 October 2013. At the date of resignation, Mr Clark held 30,000 ordinary shares directly, and had a beneficial interest in a further 35,000 ordinary shares.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS
The Company's Constitution provides an indemnity to each person, including AG Rydge, AJ Clark, 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
Mr AJ Clark and Mrs PM Mann were previously partners of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group. Mr Clark resigned as a director of the Company on 25 October 2013 and Mrs Mann was appointed a director on that date.

AUDITOR INDEPENDENCE
The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' Report for the year ended 30 June 2014.

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.

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:

	2014 $	2013 $
Audit services:		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements	1,097,170	1,001,000
Other assurance services	35,710	40,882
Overseas KPMG firms		
Audit and review of financial statements	348,490	357,590
Other assurance services	17,470	23,568
	1,498,840	1,423,040
Other services:		
Auditors of the Group – KPMG Australia		
Tax compliance and advice	303,329	339,282
Other services	84,027	190,527
	387,356	529,809
Overseas KPMG firms		
Tax compliance and advice	284,162	298,140
	671,518	827,949

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 21st day of August 2014.

MESSAGE FROM THE CHAIRMAN REGARDING THE REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Amalgamated Holdings Limited 2014 Remuneration Report.

As previously reported, certain changes were made to the Group's remuneration arrangements in 2013, and this Remuneration Report reflects these changes. The Managing Director's fixed annual remuneration has been set at $1,890,000 inclusive of superannuation since 2012 and will remain at that level for the year ending 30 June 2015. In addition, the Managing Director's total potential Short Term Incentive (STI) was reduced from 150% to 100% of fixed annual remuneration with effect from the year ended 30 June 2014.

Remuneration reflected in the current year accounts includes an STI payment relating to the year ended 30 June 2013, when the total potential STI was set at 150% of fixed annual remuneration. The Managing Director achieved 84% of the maximum potential STI, reflecting the significant improvement in the Group's financial performance in the 2013 year, and the achievement of other specified Key Performance Indicators for that year.

The Group's new Long Term Incentive (LTI) plan was approved by shareholders at the 2013 Annual General Meeting and has been implemented. The principal difference of the new LTI plan is the use of Performance Rights, rather than Performance Shares when granting awards to executives; this change reflects current market practice for LTI arrangements. The performance hurdles and other key aspects of the previous Performance Share Plan have been retained for the new LTI plan and are consistent with current market practice.

The Board will continue to monitor industry trends in relation to both STI and LTI and amend the current arrangements if thought appropriate.

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 and executives of the Group.

Remuneration philosophy

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Group. 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 31 in this report.

Each director receives a fee for being a director of the Company. An additional fee is also paid for being a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. The payment of an additional fee recognises the additional time commitment required by directors who serve on those Committees. Directors' base fees for the financial year ending 30 June 2015 are $124,000 per annum. Directors' fees cover all main Board activities. The Chairman's fees are $304,000 for the year ending 30 June 2015, inclusive of Committee fees. The Chairman of the Audit and Risk Committee, who also sits on the Nomination and Remuneration Committee, receives an additional $31,000. The Chairman of the Nomination and Remuneration Committee, who is also the lead independent director and sits on the Audit and Risk Committee, receives an additional $25,000.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed on page 33 in this report.

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.

The Company previously operated a Directors' Retirement Plan, which was suspended in 2003 in respect of any new director appointments. The plan has been fully accrued since 2007 and the Company has not incurred any additional expense since that date. During the year ended 30 June 2014, the Company paid $165,000 to AJ Clark under the plan. Mr Clark resigned as a director on 25 October 2013. There were no other benefits paid under the plan during the year, and there is no amount accrued in respect of the Directors' Retirement Plan at 30 June 2014 (2013: $165,000).

Managing Director and executive remuneration

Objective

The Group's remuneration policy aims to reward the Managing Director and 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, given remuneration trends in the market, from which recommendations are made to the Board.

It is the Nomination and Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other executives. Details of these employment contracts are provided on page 31 in this report.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component consists of a short term incentive plan and a long term incentive plan.

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established 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 responsibility, 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. The total employment cost of any remuneration package, including fringe benefits tax, is taken into account in determining an employee's fixed annual remuneration.

Certain employees are entitled to the payment or reimbursement of relocation costs, where applicable, at the commencement and termination of the contract.

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 granted to each executive depend 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 as they directly align the individual's STI reward to the KPIs of the Group and to its strategies and performance.

Structure (continued)
On an annual basis, after consideration of performance against KPIs, an overall performance rating for Group earnings 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 all three 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	100%	40%	–	15%	–	45%
Executives						
TJ Alley [(b)]	50%	16.7%	–	–	33.3%	–
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) TJ Alley resigned on 26 August 2013. There are no future STI payments available to TJ Alley.

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 Executive Performance Rights Plan was approved by shareholders at the 2013 AGM. The Executive Performance Rights Plan replaced the Executive Performance Share Plan. The Group conducted a review of its LTI arrangements in 2013 and, based on the professional advice received, the Board resolved that the Group should replace the existing Executive Performance Share Plan with the Executive Performance Rights Plan. The principal difference is the use of Performance Rights, rather than Performance Shares, when granting awards to executives and this change reflects current market practice for LTI arrangements. The performance hurdles and other key aspects of the Executive Performance Share Plan have been retained for the Executive Performance Rights Plan and these are described in more detail below.

The Executive Performance Rights Plan is designed to link employee reward with KPIs that drive sustainable growth in shareholder value over the long term. 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.

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

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.

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 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 2014 are based on Amalgamated Holdings Limited's EPS and TSR growth over the Performance Period of the three years from 30 June 2013 (being the "Base Year") to 30 June 2016.

Structure (continued)

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2014 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 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:

	2014 $	2013 $	2012 $	2011 $	2010 $
Net profit before individually significant items, income tax and non-controlling interest [(a)]	108,304,000	114,745,000	106,564,000	104,269,000	127,255,000 [(b)]
Dividends per share (cents)	42	42	39	37	37
Special dividend per share (cents)	–	–	–	4	–
Share price (year end)	9.33	8.27	6.45	5.80	5.70

(a) Refer to page 17 in the Directors' Report for a reconciliation to reported profit for the year.
(b) The profit for the year ended 30 June 2010 included the record breaking performance of *Avatar*.

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, 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 Group	Expiry date of contract
DC Seargeant	The notice period is three months.	The notice period for the Group 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 at the discretion of the Board.	Not applicable, rolling contracts.
NC Arundel GC Dean MR Duff HR Eberstaller	The notice period is four weeks.		
TJ Alley (a)	The notice period is one month.		

(a) TJ Alley resigned on 26 August 2013.

Use of remuneration consultants
No remuneration consultants were engaged during the year to provide remuneration recommendations as defined in section 9B of the Corporations Act 2001.

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 2013 to 30 June 2014	Amalgamated Holdings Limited
Anthony Clark [(a)]	Independent non-executive and lead independent director	1 July 2013 to 25 October 2013	Amalgamated Holdings Limited
Kenneth Chapman	Independent non-executive director	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Peter Coates [(a)]	Independent non-executive director and lead independent director	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Valerie Davies	Independent non-executive director	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
David Grant [(b)]	Independent non-executive director	25 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Patria Mann [(c)]	Independent non-executive director	25 October 2013 to 30 June 2014	Amalgamated Holdings Limited
Richard Newton	Independent non-executive director	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Executive director			
David Seargeant	Managing Director and Chief Executive Officer	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Executives			
Tamsyn Alley [(d)]	Director of Marketing	1 July 2013 to 26 August 2013	Amalgamated Holdings Limited
Norman Arundel	Managing Director Rydges Hotels & Resorts	1 July 2013 to 30 June 2014	Rydges Hotels Limited
Gregory Dean	Director Finance & Accounting, Company Secretary	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Mathew Duff	Director Commercial	1 July 2013 to 30 June 2014	Amalgamated Holdings Limited
Hans Eberstaller	Managing Director AHL Strategic Investments	1 July 2013 to 30 June 2014	The Greater Union Organisation Pty Limited

(a) Anthony Clark resigned on 25 October 2013 and Peter Coates was appointed lead independent director on 20 November 2013.
(b) David Grant was appointed to the Board on 25 July 2013.
(c) Patria Mann was appointed to the Board on 25 October 2013.
(d) Tamsyn Alley resigned on 26 August 2013.

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 [(c)] $	Accrued long service leave $	Retirement benefits [(d)] $	Total $	Proportion of remuneration performance related
DIRECTORS													
Non-executive													
AG Rydge	2014	277,225	–	–	–	17,775	–	–	–	–	–	295,000	–
	2013	278,530	–	–	–	16,470	–	–	–	–	–	295,000	–
AJ Clark [(e)]	2014	47,597	–	–	–	4,403	–	–	–	–	–	52,000	–
	2013	154,000	–	–	–	–	–	–	–	–	–	154,000	–
KG Chapman	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
	2013	108,257	–	–	–	9,743	–	–	–	–	–	118,000	–
PR Coates	2014	129,687	–	–	–	11,996	–	–	–	–	–	141,683	–
	2013	124,771	–	–	–	11,229	–	–	–	–	–	136,000	–
VA Davies	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
	2013	108,257	–	–	–	9,743	–	–	–	–	–	118,000	–
DC Grant [(f)]	2014	119,533	–	–	–	11,057	–	–	–	–	–	130,590	–
	2013	–	–	–	–	–	–	–	–	–	–	–	–
PM Mann [(g)]	2014	80,299	–	–	–	7,428	–	–	–	–	–	87,727	–
	2013	–	–	–	–	–	–	–	–	–	–	–	–
RG Newton	2014	109,840	–	–	–	10,160	–	–	–	–	–	120,000	–
	2013	108,257	–	–	–	9,743	–	–	–	–	–	118,000	–
Executive													
DC Seargeant	2014	1,872,225	2,386,549	–	13,388	17,775	468,664	149,609	(118,195)	36,283	–	4,826,298	62.3%
	2013	1,873,530	1,275,750	–	14,304	16,470	518,912	–	(84,504)	36,119	–	3,650,581	49.2%

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 [(c)] $	Accrued long service leave $	Termination payments $	Total $	Proportion of remuneration performance related
EXECUTIVES													
TJ Alley [(h)]	2014	67,371	60,809	–	148	2,962	(17,508)	–	3,414	–	316,500	433,696	10.0%
	2013	242,885	–	–	228	9,608	17,508	–	19,309	–	–	289,538	6.0%
NC Arundel	2014	446,225	92,800	–	4,733	17,775	52,335	16,701	(11,079)	10,327	–	629,817	25.7%
	2013	447,530	22,750	–	7,093	16,470	76,300	–	16,100	8,592	–	594,835	16.7%
GC Dean	2014	415,225	185,400	–	3,262	17,775	61,519	15,586	(7,792)	16,385	–	707,360	37.1%
	2013	395,530	61,056	–	3,142	16,470	66,916	–	8,114	12,613	–	563,841	22.7%
MR Duff	2014	448,225	192,430	–	2,158	17,775	50,112	16,773	2,248	18,043	–	747,764	34.7%
	2013	427,530	89,361	–	2,050	16,470	72,127	–	13,251	13,789	–	634,578	25.4%
HR Eberstaller	2014	320,409	109,910	–	1,578	17,775	21,993	12,633	32,190	5,696	–	522,184	27.7%
	2013	214,965	62,660	–	1,541	16,285	31,637	–	12,724	6,446	–	346,258	27.2%

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) Following the adoption of AASB 119 *Employee Benefits* (2011), the Group's annual leave accrual has changed from a short term employee benefit to an other long term employee benefit. This change in classification is reflected in the remunerations table above in both the current and prior years.

(d) There were no amounts accrued during the year relating to the Directors' Retirement Plan. During the year, an amount of $165,000, which had been accrued in prior years, was paid to AJ Clark on his resignation from the Board. Further information regarding the Directors' Retirement Plan has been included within the Remuneration Report.

(e) AJ Clark resigned on 25 October 2013.

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

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

(h) TJ Alley commenced employment with the Group on 14 November 2012 and resigned on 26 August 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 [(b)]
Managing Director			
DC Seargeant	2,386,549	84.2%	15.8%
Executives			
TJ Alley [(c)]	60,809	48.2%	51.8%
NC Arundel	92,800	40.0%	60.0%
GC Dean	185,400	90.0%	10.0%
MR Duff	192,430	86.7%	13.3%
HR Eberstaller	109,910	95.1%	4.9%

(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 2013 year. Achievements relevant in determining the amount awarded to the Managing Director included the Group's performance for the year, management of current property developments and other business growth targets. No amounts vest in future years in respect of the STI bonus schemes for the 2013 year.

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

(c) TJ Alley commenced employment with the Group on 14 November 2012 and resigned on 26 August 2013.

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 $23,405 (2013: $23,752). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $603,972 (2013: $547,257).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $92,653 (2013: $87,539). Rent is charged to AG Rydge at market rates.

During the 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 accepted market value.

During the prior year, a controlled entity signed a lease agreement for a cinema complex in Townsville with an entity related to KG Chapman. The lease period will commence when construction of the site is completed, which is expected to be in 2015. Rent payable under the lease agreement is at market rates.

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 vesting profile of the performance rights granted during the year 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 rights – EPS $	Fair value: Performance rights – TSR $
Managing Director							
DC Seargeant	205,000	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
Executives							
TJ Alley [(a)]	–	–	–	–	–	–	–
NC Arundel	22,885	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
GC Dean	21,356	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
MR Duff	22,983	20 Feb 2014	–	–	30 Jun 2017	7.20	3.50
HR Eberstaller	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 [(b)] $	Exercised during the year $	Forfeited during the year $	Performance rights exercised Number	Amount paid per rights $
Managing Director					
DC Seargeant	1,096,750	–	–	–	–
Executives					
TJ Alley [(a)]	–	–	–	–	–
NC Arundel	122,433	–	–	–	–
GC Dean	114,253	–	–	–	–
MR Duff	122,957	–	–	–	–
HR Eberstaller	92,612	–	–	–	–

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

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	Other	Held at the end of the year
Managing Director						
DC Seargeant	–	205,000	–	–	–	205,000
Executives						
TJ Alley [(a)]	–	–	–	–	–	–
NC Arundel	–	22,885	–	–	–	22,885
GC Dean	–	21,356	–	–	–	21,356
MR Duff	–	22,983	–	–	–	22,983
HR Eberstaller	–	17,311	–	–	–	17,311

No performance rights were granted during the prior year and 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.

Note:

(a) TJ Alley resigned on 26 August 2013 and was not granted any performance rights during the year ended 30 June 2014.

(b) 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.

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	–	–	30 Jun 2015	5.89	4.21
	210,000	23 Feb 2011	50%	50%	30 Jun 2014	5.98	3.94
Executives							
TJ Alley [(b)]	20,767	21 Feb 2013	–	100%	–	7.43	5.00
NC Arundel	23,502	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	28,539	23 Feb 2012	–	–	30 Jun 2015	5.89	4.21
	23,547	23 Feb 2011	50%	50%	30 Jun 2014	5.98	3.94
GC Dean	20,868	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	25,089	23 Feb 2012	–	–	30 Jun 2015	5.89	4.21
	14,717	23 Feb 2011	50%	50%	30 Jun 2014	5.98	3.94
MR Duff	22,489	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	26,908	23 Feb 2012	–	–	30 Jun 2015	5.89	4.21
	22,209	23 Feb 2011	50%	50%	30 Jun 2014	5.98	3.94
HR Eberstaller	9,876	21 Feb 2013	–	–	30 Jun 2016	7.43	5.00
	11,792	23 Feb 2012	–	–	30 Jun 2015	5.89	4.21
	9,740	23 Feb 2011	50%	50%	30 Jun 2014	5.98	3.94

(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.
(b) TJ Alley resigned on 26 August 2013 and all performance shares were forfeited at that date.

Analysis of movements in performance shares
The movement during the year, by value, of performance shares 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 $	Forfeited during the year [(b)] $	Performance shares exercised Number	Amount paid per share $
Managing Director					
DC Seargeant	–	–	849,450	–	–
Executives					
TJ Alley [(c)]	–	–	174,858	–	–
NC Arundel	–	–	95,244	–	–
GC Dean	–	–	59,526	–	–
MR Duff	–	–	89,831	–	–
HR Eberstaller	–	–	39,398	–	–

(a) Shareholders approved the Executive Performance Rights Plan at the AGM held on 25 October 2013. No further grants will be made under the Executive Performance Share Plan.
(b) The value of performance shares forfeited 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 Board assessed the vesting, or otherwise, of performance shares due to performance criteria not being achieved.
(c) TJ Alley resigned on 26 August 2013 and all performance shares were forfeited at that date.

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

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	Other	Held at the end of the year
Managing Director							
DC Seargeant	2014	1,035,000	–	–	(105,000)	–	930,000
	2013	945,000	210,000	–	(120,000)	–	1,035,000
Executives							
TJ Alley [(a)]	2014	20,767	–	–	(20,767)	–	–
	2013	–	20,767	–	–	–	20,767
NC Arundel	2014	99,079	–	–	(11,773)	–	87,306
	2013	109,303	23,502	(24,233)	(9,493)	–	99,079
GC Dean	2014	66,619	–	–	(7,358)	–	59,261
	2013	51,695	20,868	–	(5,944)	–	66,619
MR Duff	2014	110,223	–	–	(11,104)	–	99,119
	2013	116,707	22,489	(20,000)	(8,973)	–	110,223
HR Eberstaller	2014	46,295	–	–	(4,870)	–	41,425
	2013	40,352	9,876	–	(3,933)	–	46,295

(a) TJ Alley commenced employment with the Group on 14 November 2012 and resigned on 26 August 2013.

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	Other [(a)]	Held at the end of the year
Directors							
AG Rydge (Chairman)	2014	72,234,355	–	–	–	–	72,234,355
	2013	72,234,355	–	–	–	–	72,234,355
AJ Clark [(b)]	2014	65,000	–	–	–	(65,000)	–
	2013	65,000	–	–	–	–	65,000
KG Chapman	2014	57,500	–	–	–	–	57,500
	2013	57,500	–	–	–	–	57,500
PR Coates	2014	36,500	–	–	–	–	36,500
	2013	36,500	–	–	–	–	36,500
VA Davies	2014	10,000	–	–	–	–	10,000
	2013	8,000	2,000	–	–	–	10,000
DC Grant [(c)]	2014	–	1,000	–	–	–	1,000
	2013	–	–	–	–	–	–
PM Mann [(d)]	2014	–	2,000	–	–	–	2,000
	2013	–	–	–	–	–	–
RG Newton	2014	68,340	–	–	(1,500)	–	66,840
	2013	66,840	1,500	–	–	–	68,340
DC Seargeant (Managing Director)	2014	469,490	–	–	–	–	469,490
	2013	469,490	–	–	–	–	469,490
Executives							
TJ Alley [(e)]	2014	–	–	–	–	–	–
	2013	–	–	–	–	–	–
NC Arundel	2014	32,246	–	–	(22,000)	–	10,246
	2013	8,013	–	24,233	–	–	32,246
GC Dean	2014	54,791	–	–	–	–	54,791
	2013	54,791	–	–	–	–	54,791
MR Duff	2014	–	–	–	–	–	–
	2013	–	–	20,000	(20,000)	–	–
HR Eberstaller	2014	–	–	–	–	–	–
	2013	3,584	–	–	(3,584)	–	–

(a) This movement represents the balance of ordinary shares held at the date of resignation from the Group.
(b) AJ Clark resigned on 25 October 2013.
(c) DC Grant was appointed to the Board on 25 July 2013.
(d) PM Mann was appointed to the Board on 25 October 2013.
(e) TJ Alley commenced employment with the Group on 14 November 2012 and resigned on 26 August 2013.

No shares were granted to key management personnel as compensation in the year to 30 June 2014. Performance rights were granted to certain key management personnel as disclosed on page 36.

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 2014 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
21 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $'000	2013* $'000
ASSETS			
Current assets			
Cash and cash equivalents	4.4	91,069	105,592
Trade and other receivables	3.1	48,130	55,012
Inventories	3.2	15,247	16,361
Prepayments and other current assets		10,657	6,335
Total current assets		165,103	183,300
Non-current assets			
Trade and other receivables	3.1	1,106	1,185
Other financial assets		1,398	1,387
Available-for-sale financial assets	4.5	17,281	13,374
Investments accounted for using the equity method	5.3	10,780	2,590
Property, plant and equipment	3.3	861,659	837,886
Investment properties	3.4	72,300	69,500
Goodwill and other intangible assets	3.5	91,785	75,770
Deferred tax assets	2.5	8,343	8,227
Other non-current assets		8,663	9,097
Total non-current assets		1,073,315	1,019,016
Total assets		1,238,418	1,202,316
LIABILITIES			
Current liabilities			
Trade and other payables	3.6	81,143	101,200
Loans and borrowings	4.4	766	452
Current tax liabilities	2.5	2,582	9,633
Provisions	3.7	17,067	19,362
Deferred revenue	2.1	70,508	61,899
Other current liabilities	3.8	1,946	3,681
Total current liabilities		174,012	196,227
Non-current liabilities			
Loans and borrowings	4.4	109,629	79,393
Deferred tax liabilities	2.5	11,722	6,585
Provisions	3.7	10,546	10,406
Deferred revenue	2.1	7,615	5,347
Other non-current liabilities	3.8	4,539	4,826
Total non-current liabilities		144,051	106,557
Total liabilities		318,063	302,784
Net assets		920,355	899,532
EQUITY			
Share capital	4.1	219,126	219,126
Reserves	4.3	32,510	22,987
Retained earnings		668,719	657,419
Total equity		920,355	899,532

* Comparative information and the opening balance sheet at 1 July 2012 have been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1.4).

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 46 to 99.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013* $'000
Continuing operations			
Revenue and other income			
Revenue from sale of goods and rendering of services	2.1	1,046,579	995,576
Other revenue and income	2.1	50,559	43,959
		1,097,138	1,039,535
Expenses			
Employee expenses		(250,636)	(231,655)
Occupancy expenses		(241,713)	(221,188)
Film hire and other film expenses		(223,777)	(226,337)
Purchases and other direct expenses		(105,369)	(99,496)
Depreciation and amortisation		(62,355)	(51,719)
Other operating expenses		(65,612)	(68,095)
Advertising, commissions and marketing expenses		(30,545)	(26,836)
Finance costs		(8,252)	(7,392)
		(988,259)	(932,718)
Equity profit			
Share of net profit/(loss) of equity accounted investees:			
Associates	5.3	–	(17)
Joint ventures	5.3	2,184	2,816
		2,184	2,799
Profit before tax from continuing operations		111,063	109,616
Income tax expense	2.5	(32,500)	(28,734)
Profit after tax from continuing operations		78,563	80,882
Discontinued operations			
Profit after tax from discontinued operations	2.4	–	4,910
Profit for the year		78,563	85,792

	Note	2014 Cents	2013* Cents
Earnings per share			
Basic earnings per share			
Continuing operations	2.6	49.7	51.2
Discontinued operations	2.6	–	3.1
Total	2.6	49.7	54.3
Diluted earnings per share			
Continuing operations	2.6	49.1	50.8
Discontinued operations	2.6	–	3.1
Total	2.6	49.1	53.9

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1.4).

The Income Statement is to be read in conjunction with the notes to the financial statements on pages 46 to 99.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 $'000	2013* $'000
Profit for the year	78,563	85,792
Other comprehensive income from continuing operations		
Items that will never be reclassified to profit or loss		
Revaluation increment on reclassification of property to investment properties	–	1,300
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	5,214	14,298
Net increase in fair value of available-for-sale financial assets – net of tax	2,735	2,339
Net change in fair value of cash flow hedges – net of tax	(17)	25
Other comprehensive income for the year – net of tax	7,932	17,962
Total comprehensive income for the year	86,495	103,754

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1.4).

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements on pages 46 to 99.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	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 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
Balance at 1 July 2012*	219,126	3,788	635,880	858,794
Profit for the year	–	–	85,792	85,792
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	14,298	–	14,298
Net change in fair value of available-for-sale financial assets – net of tax	–	2,339	–	2,339
Net change in fair value of cash flow hedges – net of tax	–	25	–	25
Transfer	–	29	(29)	–
Revaluation increment on reclassification of property to investment properties – net of tax	–	1,300	–	1,300
Total other comprehensive income recognised directly in equity	–	17,991	(29)	17,962
Total comprehensive income for the year	–	17,991	85,763	103,754
Employee share-based payments expense – net of tax	–	1,208	–	1,208
Dividends paid	–	–	(64,224)	(64,224)
Total transactions with owners	–	1,208	(64,224)	(63,016)
Balance at 30 June 2013	219,126	22,987	657,419	899,532

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1.4).

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 46 to 99.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013* $'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,163,801	1,092,882
Cash payments in the course of operations		(1,042,494)	(966,037)
Cash provided by operations		121,307	126,845
Distributions from associates and joint ventures		2,886	2,333
Other revenue		42,150	39,231
Dividends received		614	569
Interest received		1,360	1,783
Finance costs paid		(8,174)	(7,357)
Income tax refunds		1,346	735
Income tax paid		(38,743)	(29,474)
Net cash provided by operating activities	7.3	122,746	134,665
Cash flows from investing activities			
Payments for property, plant and equipment and redevelopment of properties		(72,390)	(78,439)
Purchase of management and leasehold rights, software and other intangible assets		(10,153)	(3,277)
Payment for the acquisition of a joint venture		(8,583)	–
Payments for businesses acquired including management and leasehold rights		(5,969)	(5,407)
Net proceeds from disposal of discontinued operation		–	9,800
Proceeds from disposal of other non-current assets		157	459
Increase/(decrease) in loans from other entities		1,249	(256)
Net cash used by investing activities		(95,689)	(77,120)
Cash flows from financing activities			
Proceeds from borrowings		73,113	47,432
Repayments of borrowings		(49,000)	(17,000)
Dividends paid	4.2	(67,435)	(64,224)
Net cash used by financing activities		(43,322)	(33,792)
Net (decrease)/increase in cash and cash equivalents		(16,265)	23,753
Cash and cash equivalents at the beginning of the year		105,592	75,549
Effect of exchange rate fluctuations on cash held		1,742	6,290
Cash and cash equivalents at the end of the year		91,069	105,592

* Comparative information has been restated for the effect of the adoption of AASB 11 *Joint Arrangements* (see Note 1.4).

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 46 to 99.

SECTION 1 – BASIS OF PREPARATION

In preparing these financial statements, the format and layout of the notes have been changed to make the financial statements less complex and more relevant to readers. The notes have been grouped into sections under certain key headings. Each section sets out the accounting policies applied together with any key judgements and estimates used.

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 2014 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 21 August 2014.

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 2.5 (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).

SECTION 1 – BASIS OF PREPARATION

1.2 – BASIS OF PREPARATION (continued)

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).

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.

SECTION 1 – BASIS OF PREPARATION

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 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 13 *Fair Value Measurement*;
- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 136) (2013)*; and
- *Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*.

The adoption of AASB 11 has had a significant impact on the Group's consolidated financial report as explained below. For disclosures required by AASB 12, refer to Note 5.3. The adoption of AASB 10 and AASB 13 has not had a significant impact on the Group's consolidated financial report.

AASB 11 Joint Arrangements
As a result of AASB 11, the Group has changed its accounting policy for its interests 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 investments 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 investments 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 tables on the following pages 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 joint arrangements on the current period.

SECTION 1 – BASIS OF PREPARATION

1.4 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

1 July 2012	Effect of changes in accounting policies		
Statement of Financial Position	As previously reported $'000	AASB 11 *Joint Arrangements* $'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 current 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 current 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

SECTION 1 – BASIS OF PREPARATION

1.4 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

30 June 2013	Effect of changes in accounting policies		
	As previously reported	AASB 11 *Joint Arrangements*	As restated
Statement of Financial Position	**$'000**	**$'000**	**$'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 current 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 current 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

SECTION 1 – BASIS OF PREPARATION

1.4 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

For the year ended 30 June 2013	Effect of changes in accounting policies		
Income Statement	**As previously reported**	**AASB 11 *Joint Arrangements***	**As restated**
Statement of Comprehensive Income	**$'000**	**$'000**	**$'000**
Continuing operations			
Revenue and other income			
Revenue from sale of goods and rendering of services	759,028	236,548	995,576
Other revenue and income	48,200	(4,241)	43,959
	807,228	232,307	1,039,535
Expenses			
Employee expenses	(202,730)	(28,925)	(231,655)
Occupancy expenses	(182,574)	(38,614)	(221,188)
Film hire and other film expenses	(156,537)	(69,800)	(226,337)
Purchases and other direct expenses	(85,396)	(14,100)	(99,496)
Depreciation and amortisation	(40,552)	(11,167)	(51,719)
Other operating expenses	(46,437)	(21,658)	(68,095)
Advertising, commissions and marketing expenses	(21,178)	(5,658)	(26,836)
Finance costs	(7,341)	(51)	(7,392)
	(742,745)	(189,973)	(932,718)
Equity profit			
Share of net profit/(loss) of equity accounted investees:			
Associates	(17)	–	(17)
Joint ventures	45,150	(42,334)	2,816
	45,133	(42,334)	2,799
Profit before tax from continuing operations	109,616	–	109,616
Income tax expense	(28,734)	–	(28,734)
Profit after tax from continuing operations	80,882	–	80,882
Discontinued operations			
Profit after tax from discontinued operations	4,910	–	4,910
Profit for the year	85,792	–	85,792
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation increment on reclassification of property to investment properties	1,300	–	1,300
Items that may be reclassified subsequently to profit or loss – net of tax			
Foreign currency translation differences for foreign operations	14,330	(32)	14,298
Net change in fair value of available-for-sale financial assets	2,339	–	2,339
Net change in fair value of cash flow hedges	25	–	25
Other comprehensive income for the year	17,994	(32)	17,962
Total comprehensive income for the year	103,786	(32)	103,754

SECTION 1 – BASIS OF PREPARATION

1.4 – CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

For the year ended 30 June 2013	Effect of changes in accounting policies		
Condensed Statement of Cash Flows	**As previously reported $'000**	**AASB 11 *Joint Arrangements* $'000**	**As restated $'000**
Net cash provided by operating activities	128,288	6,377	134,665
Net cash used by investing activities	(68,858)	(8,262)	(77,120)
Net cash used by financing activities	(36,224)	2,432	(33,792)
Net increase in cash and cash equivalents	23,206	547	23,753
Cash and cash equivalents at the beginning of the year	63,309	12,240	75,549
Effect of exchange rate fluctuations on cash held	6,253	37	6,290
Cash and cash equivalents at the end of the year	92,768	12,824	105,592

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 2014, 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 9 *Financial Instruments (2010)*;
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*;
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*; and
- IFRS 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, discontinued operations, 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 Cinema Exhibition, Hotel, Thredbo Alpine Resort and Leisure/Attractions 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.

	2014 $'000	2013 $'000
Revenue from continuing operations		
Rendering of services	726,144	699,827
Sale of goods	320,435	295,749
	1,046,579	995,576
Other revenue		
Rental revenue	22,603	21,911
Management and consulting fees	19,006	16,235
Finance revenue	1,360	1,784
Dividends	614	569
Sundry	541	477
	44,124	40,976
Other income		
Fair value gain on acquisition of an additional interest in a joint operation	4,905	–
Insurance proceeds	746	1,464
Increase in fair value of investment properties	624	16
Profit on sale of plant and equipment	160	64
Profit on sale of investment property	–	1,439
	6,435	2,983
	1,097,138	1,039,535

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:

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/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 was presented as a discontinued operation in the prior year.

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.

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)

Operating segments	Cinema Exhibition Australia $'000	Cinema Exhibition New Zealand $'000	Cinema Exhibition Germany $'000	Entertainment Technology $'000	Hotels $'000	Thredbo Alpine Resort $'000	Leisure/ Attractions $'000	Property and Other Investments $'000	Continuing operations $'000	Discontinued operations $'000	Consolidated $'000
2014											
Revenue and other income											
External segment revenue	385,804	76,080	300,749	30,944	226,167	47,622	4,696	16,627	1,088,689	–	1,088,689
Inter-segment revenue	–	–	–	2,149	–	–	–	–	2,149	–	2,149
Other income – external	–	–	–	–	759	157	–	1,228	2,144	–	2,144
Finance revenue									1,360	–	1,360
Other unallocated revenue									40	–	40
Elimination of inter-segment revenue									(2,149)	–	(2,149)
Revenue and other income before individually significant items									1,092,233	–	1,092,233
Individually significant items									4,905	–	4,905
Revenue and other income									1,097,138	–	1,097,138
Result											
Segment result before individually significant items	63,279	4,230	12,569	1,742	32,759	6,525	1,550	6,734	129.388	–	129,388
Share of net profit/(loss) of equity accounted investees	(114)	–	2,298	–	–	–	–	–	2,184	–	2,184
Total segment result before individually significant items	63,165	4,230	14,867	1,742	32,759	6,525	1,550	6,734	131,572	–	131,572
Unallocated revenue and expenses									(16,376)	–	(16,376)
Net finance costs									(6,892)	–	(6,892)
Individually significant items									2,759	–	2,759
Profit before related income tax expense									111,063	–	111,063
Income tax expense									(32,500)	–	(32,500)
Profit after income tax expense									78,563	–	78,563
Amortisation and depreciation	(19,895)	(5,967)	(10,865)	(405)	(18,236)	(3,986)	(387)	(2,614)	(62,355)	–	(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	Cinema Exhibition Australia $'000	Cinema Exhibition New Zealand $'000	Cinema Exhibition Germany $'000	Entertainment Technology $'000	Hotels $'000	Thredbo Alpine Resort $'000	Leisure/ Attractions $'000	Property and Other Investments $'000	Consolidated $'000
2014									
Assets									
Reportable segment assets	236,713	69,569	144,662	5,010	493,147	43,504	7,645	186,787	1,187,037
Equity accounted investments	8,519	–	2,122	139	–	–	–	–	10,780
	245,232	69,569	146,784	5,149	493,147	43,504	7,645	186,787	1,197,817
Deferred tax assets									8,343
Unallocated corporate assets									32,258
Total assets									1,238,418
Liabilities									
Reportable segment liabilities	79,686	17,357	48,882	2,774	27,479	12,460	1,112	2,163	191,913
Deferred tax liabilities									11,722
Unallocated corporate liabilities									114,428
Total liabilities									318,063
Acquisitions of non-current assets	20,738	5,064	14,029	214	32,152	3,401	844	17,961	94,403

2014 Geographical information	Australia $'000	New Zealand and Fiji $'000	Germany $'000	Continuing operations $'000	Discontinued operations $'000	Consolidated $'000
External segment revenue	688,123	99,817	300,749	1,088,689	–	1,088,689
Reportable segment assets	929,580	112,795	144,662	1,187,037	–	1,187,037
Equity accounted investments	8,658	–	2,122	10,780	–	10,780
Acquisitions of non-current assets	74,584	5,790	14,029	94,403	–	94,403

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)

Operating segments	Cinema Exhibition: Australia $'000	Cinema Exhibition: New Zealand $'000	Cinema Exhibition: Germany $'000	Entertainment Technology $'000	Hotels $'000	Thredbo Alpine Resort $'000	Leisure/ Attractions $'000	Property and Other Investments $'000	Continuing operations $'000	Discontinued operations $'000	Consolidated $'000
2013											
Revenue and other income											
External segment revenue	393,379	68,688	280,827	28,723	188,012	53,968	5,921	14,911	1,034,429	8,295	1,042,724
Inter-segment revenue	–	–	–	9,933	–	–	–	–	9,933	–	9,933
Other income – external	–	2	–	–	1,486	62	–	563	2,113	–	2,113
Finance revenue									1,507	–	1,507
Other unallocated revenue									47	–	47
Elimination of inter-segment revenue									(9,933)	–	(9,933)
Revenue and other income before individually significant items									1,038,096	8,295	1,046,391
Individually significant items									1,439	5,024	6,463
Revenue and other income									1,039,535	13,319	1,052,854
Result											
Segment result before individually significant items	59,920	3,757	23,318	1,309	20,496	11,833	2,180	6,418	129,231	2,305	131,536
Share of net profit/(loss) of equity accounted investees	–	–	2,816	(17)	–	–	–	–	2,799	–	2,799
Total segment result before individually significant items	59,920	3,757	26,134	1,292	20,496	11,833	2,180	6,418	132,030	2,305	134,335
Unallocated revenue and expenses									(13,982)	–	(13,982)
Net finance costs									(5,608)	–	(5,608)
Individually significant items									(2,824)	5,024	2,200
Profit before related income tax expense									109,616	7,329	116,945
Income tax expense									(28,734)	(2,419)	(31,153)
Profit after income tax expense									80,882	4,910	85,792
Amortisation and depreciation	(19,837)	(5,025)	(5,306)	(422)	(15,103)	(3,797)	(385)	(1,844)	(51,719)	(92)	(51,811)
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)

	Cinema Exhibition								
Operating segments	Australia $'000	New Zealand $'000	Germany $'000	Entertainment Technology $'000	Hotels $'000	Thredbo Alpine Resort $'000	Leisure/ Attractions $'000	Property and Other Investments $'000	Consolidated $'000
2013									
Assets									
Reportable segment assets	241,057	65,048	144,450	9,138	478,381	44,362	6,981	166,218	1,155,635
Equity accounted investments	–	–	2,451	139	–	–	–	–	2,590
	241,057	65,048	146,901	9,277	478,381	44,362	6,981	166,218	1,158,225
Deferred tax assets									8,227
Unallocated corporate assets									35,864
Total assets									1,202,316
Liabilities									
Reportable segment liabilities	86,212	15,824	56,982	6,996	25,761	12,129	883	–	204,787
Deferred tax liabilities									6,585
Unallocated corporate liabilities									91,412
Total liabilities									302,784
Acquisitions of non-current assets	8,758	7,460	18,139	648	40,197	3,740	694	8,092	87,728

2013 Geographical information	Australia $'000	New Zealand and Fiji $'000	Germany $'000	Continuing operations $'000	Discontinued operations $'000	Consolidated $'000
External segment revenue	662,295	91,307	280,827	1,034,429	8,295	1,042,724
Reportable segment assets	904,212	106,973	144,450	1,155,635	–	1,155,635
Equity accounted investments	139	–	2,451	2,590	–	2,590
Acquisitions of non-current assets	61,648	7,941	18,139	87,728	341	88,069

SECTION 2 – PERFORMANCE FOR THE YEAR

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:

	2014 $'000	2013 $'000
Relating to continuing operations		
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)	(1,012)
Pre-opening expenses relating to the launch of QT Sydney	–	(3,251)
Profit on sale of an investment property	–	1,439
	2,759	(2,824)
Relating to discontinued operations		
Profit on sale of Featherdale Wildlife Park	–	5,024
	–	5,024

2.4 – DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Income Statement and Statement of Comprehensive Income are re-presented as if the operation had been discontinued from the start of the comparative period.

There were no discontinued operations in the current year.

During the prior year, on 26 June 2013, the sale of Featherdale Wildlife Park was concluded. This business was a discontinued operation at the end of the prior financial year (30 June 2013) and the Income Statement for the year ended 30 June 2013 disclosed the discontinued operation separately from continuing operations.

	2014 $'000	2013 $'000
Revenue from sale of goods	–	2,238
Revenue from rendering of services	–	6,057
Total revenue and other income	–	8,295
Advertising, commissions and marketing expenses	–	(393)
Depreciation and amortisation	–	(92)
Employee expenses	–	(3,105)
Occupancy expenses	–	(336)
Purchases and other direct expenses	–	(933)
Other expenses	–	(1,131)
	–	(5,990)
Profit before tax	–	2,305
Income tax expense	–	(947)
Profit after tax	–	1,358
Profit on sale of discontinued operations	–	5,024
Income tax expense relating to profit on sale	–	(1,472)
Profit	–	4,910

In the prior year, discontinued operations had cash inflows from operating activities of $2,397,000, cash inflows from investing activities on disposal of $9,800,000 and cash flows from financing activities of $nil.

SECTION 2 – PERFORMANCE FOR THE YEAR

2.5 – 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 62. 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.

	2014 $'000	2013 $'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	32,500	28,734
Income tax expense attributable to discontinued operations	–	2,419
	32,500	31,153
Current income tax		
Current income tax expense	27,522	31,871
Adjustments in respect of current income tax of prior year	1,068	(107)
Deferred income tax		
Relating to origination and reversal of temporary differences	3,910	(611)
Income tax expense reported in the Income Statement	32,500	31,153

SECTION 2 – PERFORMANCE FOR THE YEAR

2.5 – TAXATION (continued)	2014 $'000	2013 $'000
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	(2)	5
Unrealised gain on available-for-sale financial assets	1,172	1,003
Currency translation movements of deferred tax balances of foreign operations	199	(386)
Net loss on hedge of net investment in overseas subsidiaries	(207)	(1,038)
	1,162	(416)
Relating to other equity balances		
Adjustment to shared-based payments reserve	(51)	376
Income tax expense/(benefit) reported in equity	1,111	(40)
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:		
Profit before tax from continuing operations	111,063	109,616
Profit before tax from discontinued operations	–	7,329
Accounting profit before income tax expense	111,063	116,945
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2013: 30%) on accounting profit	33,319	35,084
Increase in income tax expense due to:		
Non-deductible items and losses in non-resident controlled entities	2,785	4,063
Amortisation of management rights and other intangible assets	821	699
Depreciation and amortisation of buildings	369	668
Non-deductible acquisition and legal costs	44	152
Non-refundable franking credits grossed up	78	70
Share of associates' net loss	–	5
	4,097	5,657
Decrease in income tax expense due to:		
Tax losses from prior years now recognised or utilised	2,464	7,972
Share of incorporated joint venture net profit	741	845
Franking credits on dividends received	259	235
Fair value adjustment on acquisition of a joint operation	1,471	–
Fair value adjustment on investment properties recognised	360	18
Employee leave entitlements transferred on acquisition	481	274
Effect of lower tax rate in New Zealand and Fiji	87	123
Sundry items	121	14
	5,984	9,481
Income tax under/(over) provided in prior year	1,068	(107)
	32,500	31,153

2.5 – TAXATION (continued)	2014 $'000	2013 $'000
Unrecognised deferred tax assets		
Revenue losses – foreign	8,044	8,953
	8,044	8,953

Included in the deferred tax assets not recognised is the gross value of tax revenue losses arising in Germany of $26,813,000 (2013: $29,844,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law. At 30 June 2014, there was no recognised deferred income tax liability (2013: $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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities				
Deferred tax liabilities comprise:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	21,906	19,835	1,268	1,750
Investment properties	7,325	7,318	7	141
Available-for-sale financial assets	3,667	2,495	–	–
Interest and deferred financing costs	1,019	1,076	(57)	239
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	3,890	1,776	2,135	(45)
Accrued revenue	444	939	(568)	859
Prepayments	251	293	(53)	192
Share-based payments deductible for tax but deferred and amortised for accounting purposes	1,415	1,835	(369)	(461)
Share of joint arrangement timing differences	89	441	(349)	16
Unrealised foreign exchange gains not currently assessable	2,133	1,675	668	620
Sundry items	634	374	237	(99)
	42,773	38,057		
Less: Deferred tax assets of the tax consolidated group offset against deferred tax liabilities	(31,051)	(31,472)		
	11,722	6,585		
Deferred tax assets				
Deferred tax assets comprise:				
Provisions and accrued employee benefits not currently deductible	8,895	9,378	801	(383)
Unrealised foreign exchange losses not currently deductible	2,701	1,140	(1,564)	(1,022)
Unrealised foreign exchange differences on cash flow hedges	2	–	–	–
Deferred revenue	4,144	3,718	(422)	(281)
Accrued expenses	213	431	227	142
Difference in depreciation and amortisation of property, plant and equipment and intangible assets for accounting and income tax purposes	5,413	7,709	2,409	826
Share of joint arrangement timing differences	7,928	8,061	23	(622)
Tax losses carried forward	8,172	7,997	101	(4,107)
Capital losses offsetting unrealised capital gains	424	352	(72)	2,123
Discounted long term lease and non-interest bearing loan liabilities	965	418	(547)	(382)
Renounceable pro-rata entitlement offer costs amortised for tax	–	81	81	80
Sundry items	537	414	(46)	(197)
	39,394	39,699		
Less: Deferred tax liabilities of the tax consolidated group offset against deferred tax assets	(31,051)	(31,472)		
	8,343	8,227		
Deferred tax expense/(benefit)			3,910	(611)

2.6 – 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.

	2014 $'000	2013 $'000
Profit attributable to ordinary shareholders (basic and diluted)		
Profit after tax from continuing operations	78,563	80,882
Profit after tax from discontinued operations	–	4,910
Profit attributable to ordinary shareholders	78,563	85,792
	Number	**Number**
Weighted average number of ordinary shares (basic)	157,950,609	157,858,509
Effect of performance shares and performance rights	2,180,690	1,249,386
Weighted average number of ordinary shares (diluted)	160,131,299	159,107,895

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 2.5.

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.

	2014 $'000	**2013 $'000**
Current		
Trade receivables	23,672	24,998
Less: Allowance for trade receivables	(447)	(1,127)
	23,225	23,871
Other receivables	21,933	27,724
Receivable from joint ventures and joint operation partners	2,972	3,417
	48,130	55,012
Non-current		
Other receivables	1,000	1,029
Receivable from associates	43	43
Present value of loans provided under the Employee Share Plan	63	113
	1,106	1,185

As at 30 June 2014, trade receivables with a value of $447,000 (2013: $1,127,000) were impaired and fully provided for. The movement in the provision is not considered material.

As at 30 June 2014, trade receivables for the Group that were past due but not impaired were $4,516,000 (2013: $5,113,000), of which $1,867,000 (2013: $3,539,000) 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 $21,933,000 (2013: $27,724,000) 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 2014 is set out below.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

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
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)
Impairment	–	–	–	–	–	–	–	–
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
2013								
Gross balance at the beginning of the year	473,959	56	250,826	29,600	551,205	3,871	90,583	1,400,100
Accumulated depreciation, amortisation and impairments at the beginning of the year	(83,607)	–	(150,298)	(10,982)	(363,752)	(3,779)	–	(612,418)
Net balance at the beginning of the year	390,352	56	100,528	18,618	187,453	92	90,583	787,682
Additions	863	–	6,298	1,808	22,388	–	49,317	80,674
Transfers from investment properties	9,300	–	–	–	–	–	–	9,300
Transfers	57,480	–	4,121	489	41,610	–	(103,502)	198
Disposals	(2,479)	–	(913)	–	(2,304)	–	–	(5,696)
Depreciation	(5,671)	–	(9,996)	(387)	(31,192)	(59)	–	(47,305)
Impairment	–	–	(94)	–	(104)	–	–	(198)
Effect of movement in foreign exchange	4,136	–	2,312	–	6,426	–	357	13,231
At 30 June 2013	453,981	56	102,256	20,528	224,277	33	36,755	837,886

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 2013, February 2013 and June 2012.

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 6.5% to 15% and discount rates utilised ranged from 11% to 17% 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.

		2014 $'000	2013 $'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	– 2013	336,464	335,770
	– 2012	509,075	505,664
		845,539	841,434
Alternate use is highest and best use			
Independent valuation	– 2012	40,300	40,300
Land and buildings not independently valued			
Acquisition and development cost of properties not yet independently valued		25,847	2,605
		911,686	884,339

The book value of the above interests at 30 June 2014 was $680,685,000 (2013: $650,396,000). The written-down book value of plant and equipment which is deemed integral to land and buildings, has been determined to total approximately $115,700,000 as at 30 June 2014 (2013: $114,700,000).

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 2014
The trading performance of certain hotel properties caused the Group to assess their recoverable amount. There were no impairment losses, or reversal of prior year impairment losses, recognised in respect of land and buildings in the year to 30 June 2014 (2013: $nil).

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 9.77% to 12.38% (2013: 10.54% to 11.88%) 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 of 3.0% (2013: 3.0%) per annum.

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 result in an impairment loss of $6,742,000 being recognised. A 10% decrease in the forecast earnings would result in an impairment loss of $4,149,000 being recognised.

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 (2013: $nil).

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):

	2014 $'000	2013 $'000
Freehold land and buildings	229,636	221,580
Freehold land and buildings classified as investment properties	18,650	17,700
	248,286	239,280

Capital commitments
There were no material capital commitments in the current or prior year.

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 five investment properties held by the Group at 30 June 2014, the valuer used capitalisation rates on reversionary rental yields in the range of 6.75% to 9% (2013: 7.50% to 9.50%) to determine fair values. For the remaining two investment properties, 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 2014, $6,027,000 (2013: $5,736,000) was recognised as rental income for investment properties in the Income Statement with $1,538,000 (2013: $1,521,000) incurred in respect of direct costs, including $212,000 (2013: $217,000) for repairs and maintenance.

Freehold land and buildings	**2014 $'000**	**2013 $'000**
At fair value (Level 3 fair values)	72,300	69,500
Summary of movements:		
Balance at the beginning of the year	69,500	79,350
Additions	2,176	234
Net transfer to property, plant and equipment	–	(9,300)
Revaluation increment on transfer from property, plant and equipment	–	1,300
Disposals	–	(2,100)
Fair value increments recognised in other income	624	16
Balance at the end of the year	72,300	69,500

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
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)
Disposals	–	–	–	–	–	–
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
2013						
Gross balance at the beginning of the year	48,739	1,388	189	23,215	7,996	81,527
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(5,707)	(3,281)	(8,988)
Net balance at the beginning of the year	48,739	1,388	189	17,508	4,715	72,539
Acquisitions and initial contributions	300	–	–	3,972	1,277	5,549
Adjustments	–	–	–	–	124	124
Amortisation	–	–	–	(1,643)	(1,825)	(3,468)
Disposals	(470)	–	–	–	–	(470)
Net foreign currency differences on translation of foreign operations	1,128	–	–	117	251	1,496
Net balance at the end of the year	49,697	1,388	189	19,954	4,542	75,770

Impairment losses recognised

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2014 (2013: $nil).

	2014 $'000	2013 $'000
Impairment tests for cash-generating units containing goodwill		
The following units have carrying amounts of goodwill:		
Cinema Exhibition – Australia	33,263	33,263
Cinema Exhibition – New Zealand and Fiji	10,830	9,817
Cinema Exhibition – Germany	3,721	3,622
Multiple units without significant goodwill	2,993	2,995
	50,807	49,697

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 11.25% to 12.0% (2013: 10.92% 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.

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.

	2014 $'000	2013 $'000
Trade payables	25,106	32,369
Other payables and accruals	56,037	68,831
	81,143	101,200

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)

	2014 $'000	2013 $'000
Current		
Employee benefits	16,798	18,449
Insurance loss contingencies and other claims	269	913
	17,067	19,362
Non-current		
Employee benefits	1,964	1,843
Decommissioning of leasehold improvements	8,582	8,563
	10,546	10,406

Movements in provisions

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

	2014 $'000	2013 $'000
Insurance loss contingencies and other claims		
Carrying amount at the beginning of the year	913	123
Payments	(8)	–
Provided	12	790
Reversed	(648)	–
Carrying amount at the end of the year	269	913
Decommissioning of leasehold improvements		
Carrying amount at the beginning of the year	8,563	7,926
Payments	–	(105)
Provided	–	95
Reversed	(269)	(119)
Notional interest	59	113
Net foreign currency differences on translation of foreign operations	229	653
Carrying amount at the end of the year	8,582	8,563

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.

	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Share capital				
Fully paid ordinary shares	157,985,750	157,902,929	219,126	219,126
Movements in share capital				
Balance at the beginning of the year	157,902,929	157,798,418	219,126	219,126
Performance shares exercised and withdrawn from the trust	82,821	104,511	–	–
Balance at the end of the year	157,985,750	157,902,929	219,126	219,126
Share capital consists of:				
Ordinary shares	157,809,455	157,710,502		
Tax Exempt Share Plan shares	55,075	48,607		
Employee Share Plan shares	121,220	143,820		
	157,985,750	157,902,929		
Treasury shares				
Performance shares	2,574,173	2,656,994		
	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 2014, a total of 2,574,173 (2013: 2,656,994) 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 2014 (2013: 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.

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:					
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			
2013					
Final 2012 dividend	25	40,140	20 September 2012	30%	100%
Interim 2013 dividend	15	24,084	21 March 2013	30%	100%
		64,224			

Subsequent events

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

Final 2014 dividend	27	43,351	18 September 2014	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 2014 and will be recognised in subsequent financial statements.

	2014 $'000	2013 $'000
Franking credit balance		
The amount of franking credits available for future reporting periods	125,092	132,827

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 $18,579,000 (2013: $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.

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

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 2013	9,406	5,121	13	13,084	(4,637)	22,987
Movement in fair value of available-for-sale financial assets – net of tax	2,735	–	–	–	–	2,735
Transfer to retained earnings	–	–	–	–	(172)	(172)
Movement in fair value of cash flow hedging instruments – net of tax	–	–	(17)	–	–	(17)
Amount recognised in the Income Statement as an employee expense	–	–	–	1,670	–	1,670
Currency translation adjustment on controlled entities' financial statements	–	–	–	–	5,214	5,214
Other adjustments	–	–	–	93	–	93
At 30 June 2014	12,141	5,121	(4)	14,847	405	32,510

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 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 30 June 2014, the Group had drawn $105,757,000 (2013: $78,543,000) under the debt facilities, of which $nil (2013: $nil) was subject to interest rate swaps used for hedging, and had drawn $7,559,000 under the credit support facility (2013: $12,553,000).

Other loans – secured
During the year, certain wholly owned German subsidiaries arranged secured debt facilities comprising of the following:
- €5,000,000 (A$7,240,000) revolving three year loan facility; and
- €17,000,000 (A$24,616,000) 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 2014, the Group had drawn €nil (A$nil) under the revolving three year loan facility and €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$3,472,000) five year advance facility. At 30 June 2014, the Group's share of debt drawn under this facility was FJ$3,928,000 (A$2,270,000) (2013: FJ$1,604,000 (A$924,000)). These facilities are secured against a specific property in Fiji.

Loans and borrowings		**2014 $'000**	**2013 $'000**
Non-interest bearing loans			
Loans from other companies	– unsecured	766	452
Non-current			
Interest bearing liabilities and borrowings			
Bank loans	– secured	108,027	79,467
Deferred financing costs		(767)	(1,508)
		107,260	77,959
Non-interest bearing loans			
Loans from other companies	– unsecured	2,369	1,434
		109,629	79,393

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.

	2014 $'000	**2013 $'000**
Available-for-sale financial assets		
Investment in a listed company	17,281	13,374

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.

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 2014, 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.

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.

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
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)

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
2013							
Non-derivative financial liabilities							
Secured bank loans	79,467	(87,817)	(1,837)	(2,018)	(4,370)	(79,592)	–
Unsecured non-interest bearing loans from other companies	1,886	(1,886)	(226)	(226)	(163)	(519)	(752)
Trade payables	32,369	(32,369)	(32,369)	–	–	–	–
Other payables and accruals	68,831	(68,831)	(68,831)	–	–	–	–
Derivative financial assets							
Forward exchange contracts	(18)	18	18	–	–	–	–
	182,535	(190,885)	(103,245)	(2,244)	(4,533)	(80,111)	(752)

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:

	2014 $'000	2013 $'000
Fixed rate instruments		
Financial assets	–	–
Financial liabilities	–	–
	–	–
Variable rate instruments		
Financial assets	85,407	90,956
Financial liabilities	(108,027)	(79,467)
	(22,620)	11,489

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 2014 (2013: 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 2014 (2013: 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:

	2014				2013			
	NZD $'000	EUR $'000	GBP $'000	USD $'000	NZD $'000	EUR $'000	GBP $'000	USD $'000
Cash and cash equivalents	32	15	19	272	72	16	20	126
Trade receivables	233	–	–	–	375	–	–	–
Secured bank loans	(55,757)	–	–	–	(50,543)	–	–	–
Trade payables	(679)	–	–	–	(562)	–	–	–
Gross balance sheet exposure	(56,171)	15	19	272	(50,658)	16	20	126
Forward exchange contracts	–	–	–	(6)	–	–	–	18
	–	–	–	(6)	–	–	–	18
Net exposure	(56,171)	15	19	266	(50,658)	16	20	144

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 2014 was $55,757,000 (2013: $50,543,000). A foreign exchange loss of $5,214,000 (2013: loss of $3,562,000) 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 2014
The Group acquired the following businesses during the 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 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 benefits	(51)
Deferred revenue	(59)
Sub-total	2,564
Leasehold and management rights	9,614
Total net value of identifiable assets	12,178

SECTION 5 – GROUP COMPOSITION

5.1 – BUSINESS COMBINATIONS (continued)

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.

Business combinations in the year ended 30 June 2013
The Group acquired the following businesses during the prior year:

- Royal Cricketers Arms Hotel, Blacktown, NSW;
- Horizons Resort, Jindabyne, NSW (now trading as Rydges Horizons Snowy Mountains);
- Quay West Resort & Spa, Falls Creek, VIC (now trading as QT Falls Creek); and
- South East Mountain Biking, Thredbo, NSW.

Total cash consideration paid, assets acquired, liabilities assumed and goodwill arising on acquisition in respect of the above acquisitions are summarised below:

Identifiable assets acquired and liabilities assumed	**Fair value at acquisition date $'000**
Other financial assets	1,072
Property, plant and equipment	2,471
Management rights	1,972
Other assets	179
Deferred revenue	(460)
Other liabilities	(127)
Total net value of identifiable assets and liabilities	5,107

Goodwill
Goodwill of $300,000 was recognised as a result of the acquisitions in the prior year. This was attributable to the acquisition of the South East Mountain Biking business.

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.

	Note	Ownership interest 2014 %	2013 %
AHL Administration Pty Limited		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
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	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
Filmlab Engineering Pty Limited	(g)	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
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
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

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2014 %	2013 %
Greater Union International GmbH	(a)(e)	100	100
Greater Union International Holdings Pty Limited		100	100
Greater Union Limited	(b)	100	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 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
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	(h)	100	–
Pantami 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	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
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 Queenstown Hotel Limited	(a)(c)	100	100
Rydges Rotorua Hotel Limited	(a)(c)	100	100

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2014 %	Ownership interest 2013 %
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	100
Turmpalast Frankfurt Management GmbH	(a)(e)	100	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.
(g) The name of this company was changed to 203 Port Hacking Road Pty Limited on 8 July 2014.
(h) The Group acquired 100% of Pacific Cinemas (Southport) Pty Limited on 13 November 2013.

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

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.

	2014 $'000	2013 $'000
Associates	139	139
Joint ventures	10,641	2,451
	10,780	2,590

SECTION 5 – GROUP COMPOSITION

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 2014 %	Ownership interest 2013 %	Investment carrying amount 2014 $'000	Investment carrying amount 2013 $'000	Contribution to operating profit/(loss) 2014 $'000	Contribution to operating profit/(loss) 2013 $'000
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	1,537	1,481	1,679	1,952
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	585	970	619	864
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	Australia	(a) 50	(a) –	8,519	–	(114)	–
					10,641	2,451	2,184	2,816

(a) Loganholme Cinemas Pty Limited was incorporated on 23 August 2013 and on 11 December 2013 acquired the Loganholme cinema complex. Refer to Note 5.1 for further details on this acquisition.

Dividends received from joint ventures for the year ended 30 June 2014 amount to $2,886,000 (2013: $2,333,000). 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 2014 %	Ownership interest 2013 %	Investment carrying amount 2014 $'000	Investment carrying amount 2013 $'000	Contribution to operating profit/(loss) 2014 $'000	Contribution to operating profit/(loss) 2013 $'000
Cinesound Movietone Productions Pty Limited	Film owner and distributor	Australia	50	50	139	139	–	(17)
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)(b) 53	(a)(b) 100	–	–	–	–
					139	139	–	(17)

(a) Digital Cinema Integration Partners NZ Pty Limited and Movietimes Australia and New Zealand Pty Limited are not consolidated as the Group does not have control.
(b) 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.

Dividends received from associates for the year ended 30 June 2014 amount to $nil (2013: $nil). The balance date of all current associates is 30 June.

SECTION 5 – GROUP COMPOSITION

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 2014 %	Ownership interest 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

(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.
(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 5.1 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:

	2014 $'000	2013 $'000
Within one year	28,347	26,014
Later than one year but not later than five years	99,750	89,754
Later than five years	75,971	67,506
	204,068	183,274

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 and the first grant under this new plan was made in February 2014.

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
2014						
Performance rights	20 February 2014	–	676,802	–	(12,380)	664,422

6.1 – SHARE-BASED PAYMENTS (continued)

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 2014 was $7.20 for those rights that have EPS hurdles and $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 20 Feb 2014
Dividend yield (per annum)	5%
Expected volatility	15%
Risk-free rate (per annum)	2.87%
Share price	$8.20
Expected life	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
The establishment of the Executive Performance Share Plan was approved by shareholders at the 2006 Annual General Meeting and grants were made under this plan from 2007 to 2013 inclusive. 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 10th anniversary of the date the performance shares were awarded or the Board approving 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)]
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

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)]
2013						
Performance shares	21 February 2013	–	661,650	–	–	661,650
Performance shares	29 February 2012	10,000	–	–	–	10,000
Performance shares	23 February 2012	759,577	–	–	–	759,577
Performance shares	16 May 2011	50,000	–	–	–	50,000
Performance shares	23 February 2011	603,447	–	–	(111,886)	491,561
Performance shares	28 June 2010	570,193	–	(36,379)	(314,321)	219,493
Performance shares	23 February 2009	429,421	–	(16,199)	(142,974)	270,248
Performance shares	18 February 2008	263,407	–	(32,788)	(75,207)	155,412
Performance shares	19 February 2007	75,460	–	(19,145)	(17,262)	39,053
		2,761,505	661,650	(104,511)	(661,650)	2,656,994

(a) The balance at the end of the year includes a total of 451,149 shares (2013: 117,931 shares) that have been forfeited by employees due to cessation of employment. The forfeited shares are held within the trust and can be utilised for future grants.

Fair value of performance shares granted

No performance shares were granted during the year ended 30 June 2014. The assessed fair value at grant date of performance shares granted under the Executive Performance Share Plan during the prior year ended 30 June 2013 was $7.43 for those shares that have EPS hurdles and $5.00 for those shares that have TSR hurdles. The fair value of each performance share was estimated on the date of grant using a Monte Carlo simulation model with the following weighted average assumptions used for each grant:

	Granted 21 Feb 2013
Dividend yield (per annum)	5.27%
Expected volatility	20%
Risk-free rate (per annum)	2.85%
Share price	$7.43
Expected life	3 years

The expected life of the performance shares 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.

Share-based payment expense

Total share-based payment expense included within employee expenses for the year ended 30 June 2014 was $1,646,000 (2013: $1,504,000).

Tax Exempt Share Plan

All Australian resident permanent employees (excluding directors) are eligible to participate in the Tax Exempt Share Plan. The Tax Exempt Share Plan enables 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 total number of shares purchased during the year by employees, under the Tax Exempt Share Plan, totalled 9,210 shares (2013: 7,755 shares).

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.1 – SHARE-BASED PAYMENTS (continued)

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 2014, the total shares issued under the plan was 121,220 (2013: 143,820). 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 2014 was $9.33 (2013: $8.27). 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:

	2014 $'000	2013 $'000
Superannuation contributions recognised as an employee expense	11,704	10,827

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:

Section of Remuneration Report	Directors' Report page reference
Non-executive director remuneration	27
Managing Director and executive remuneration	28
Fixed annual remuneration	28
Variable remuneration – short term incentive	28
Variable remuneration – long term incentive	29
Employment contracts	31
Directors' and executives' position and period of responsibility	32
Directors' and executives' remuneration	33
Performance rights holdings and transactions	36
Performance share holdings and transactions	37
Equity holdings and transactions	39

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

	2014 $	2013 $
Employee benefits		
Short term	7,507,493	6,311,783
Other long term	86,734	77,559
Termination payments	316,500	–
Post-employment	174,976	157,989
Equity compensation	848,417	653,461
	8,934,120	7,200,792

6.2 – DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

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 $23,405 (2013: $23,752). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $603,972 (2013: $547,257).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $92,653 (2013: $87,539). Rent is charged to AG Rydge at market rates.

During the 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 accepted market value.

During the prior year, a controlled entity signed a lease agreement for a cinema complex in Townsville with an entity related to KG Chapman. The lease period will commence when construction of the site is completed, which is expected to be in 2015. Rent payable under the lease agreement is at market rates.

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.

6.3 – RELATED PARTIES

Associates
Other transactions were receipt of property rentals from associates of $49,000 (2013: $47,000) and costs of $47,000 (2013: $52,000) paid on behalf of an associate, $47,000 (2013: $52,000) 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 $5,810,000 (2013: $7,284,000).

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 2014 was $127,927,000 (2013: $121,181,000).

Lease commitments for future years are set out below:

	2014 $'000	2013 $'000
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	93,219	93,133
Later than one year but not later than five years	281,148	293,282
Later than five years	224,673	257,654
	599,040	644,069

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:

	2014 $'000	2013 $'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	10,044	9,565
Later than one year but not later than five years	36,327	33,308
Later than five years	249,529	248,754
	295,900	291,627
Operating leases – as lessor		
Future operating lease rentals for owned properties not recognised and receivable:		
Within one year	11,475	10,498
Later than one year but not later than five years	38,822	34,346
Later than five years	43,509	46,552
	93,806	91,396

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

	2014 $'000	2013 $'000
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	78,563	85,792
Adjustments for:		
Depreciation	56,223	47,305
Amortisation	6,132	4,414
Net loss on sale of non-current assets	422	2,134
Profit on sale of discontinued operation	–	(5,024)
Profit on sale of investment property	–	(1,439)
Fair value gain on acquisition of additional interest in a joint operation	(4,905)	–
Fair value increment of investment properties	(624)	(16)
Equity accounted investment distributions	2,886	2,333
Share of equity accounted investees' net profit	(2,184)	(2,816)
Share-based payments expense	1,646	1,504
Receivables impairment adjustment	(680)	(88)
Unrealised foreign exchange losses/(gains)	189	(221)
Decrease/(increase) in income taxes payable	(9,993)	2,657
Net cash provided by operating activities before change in assets and liabilities	127,675	136,535
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired/disposed during the year:		
Decrease/(increase) in trade and other receivables	9,903	(11,008)
Decrease in inventories	1,241	7,937
Increase in prepayments and other current assets	(3,358)	(5,926)
Decrease in deferred tax items	4,245	452
Decrease in trade and other payables	(22,041)	(1,931)
(Decrease)/increase in provisions	(2,685)	1,428
Increase in deferred revenue	9,896	6,857
(Decrease)/increase in other liabilities	(2,208)	284
Increase in financing costs payable	78	37
Net cash provided by operating activities	122,746	134,665

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

	2014 $	2013 $
Audit services:		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements	1,097,170	1,001,000
Other assurance services	35,710	40,882
Overseas KPMG firms		
Audit and review of financial statements	348,490	357,590
Other assurance services	17,470	23,568
	1,498,840	1,423,040
Other services:		
Auditors of the Group – KPMG Australia		
Tax compliance and advice	303,329	339,282
Other services	84,027	190,527
	387,356	529,809
Overseas KPMG firms		
Tax compliance and advice	284,162	298,140
	671,518	827,949

7.5 – PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended, 30 June 2014, the parent entity of the Group was Amalgamated Holdings Limited.

	2014 $'000	2013 $'000
Results of parent entity		
Profit for the year	47,809	57,371
Other comprehensive income for the year	3,858	2,873
Total comprehensive income for the year	51,667	60,244
Financial position of parent entity at year end		
Current assets	3,518	632
Total assets	431,118	450,048
Current liabilities	6,586	11,183
Total liabilities	11,776	15,578
Net assets	419,342	434,470
Total equity of parent entity comprises:		
Share capital	219,126	219,126
Available-for-sale financial assets revaluation	12,141	9,406
Share-based payments	14,847	13,084
Retained earnings	173,228	192,854
Total equity	419,342	434,470

SECTION 7 – OTHER INFORMATION

7.5 – PARENT ENTITY DISCLOSURES (continued)

	2014 $'000	2013 $'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	1,066	2,053
Later than one year but not later than five years	–	1,066
	1,066	3,119
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	62,564	63,543
Later than one year but not later than five years	112,555	120,335
Later than five years	95,523	107,554
	270,642	291,432
The Company has guaranteed commitments in respect of financing and other arrangements of certain subsidiary entities:	467	455
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	30,600	29,262
Later than one year but not later than five years	106,514	105,637
Later than five years	71,885	83,767
	208,999	218,666
	480,108	510,553

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

Dividends

For final dividends declared after 30 June 2014, refer to Note 4.2.

SECTION 7 – OTHER INFORMATION

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
Filmlab Engineering Pty Limited [(a)]
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
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) The name of this company was changed to 203 Port Hacking Road Pty Limited on 8 July 2014.

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 2014 is set out on the following page:

SECTION 7 – OTHER INFORMATION

7.7 – DEED OF CROSS GUARANTEE (continued)

	2014 $'000	2013 $'000
Statement of Comprehensive Income		
Profit before tax	88,584	83,475
Income tax expense	(26,215)	(25,201)
Profit after tax from continuing operations	62,369	58,274
Profit after tax from discontinued operations	–	4,910
Profit for the year	62,369	63,184
Retained earnings at the beginning of the year	578,214	579,254
Dividends paid	(67,435)	(64,224)
Retained earnings at the end of the year	573,148	578,214
Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	28,706	38,286
Trade and other receivables	32,975	39,598
Inventories	11,548	13,075
Prepayments and other current assets	8,272	4,352
Total current assets	81,501	95,311
Non-current assets		
Trade and other receivables	1,106	1,185
Loans to controlled entities	153,750	150,569
Investments in controlled entities	75,708	93,162
Other financial assets	1,392	1,382
Available-for-sale financial assets	17,281	13,374
Investments accounted for using the equity method	8,658	139
Property, plant and equipment	596,874	576,835
Investment properties	72,300	69,500
Goodwill and other intangible assets	68,796	56,426
Deferred tax assets	–	991
Other non-current assets	4,178	3,246
Total non-current assets	1,000,043	966,809
Total assets	1,081,544	1,062,120
LIABILITIES		
Current liabilities		
Trade and other payables	43,381	50,695
Current tax liabilities	6,638	9,021
Provisions	14,773	15,779
Deferred revenue	43,772	40,815
Other current liabilities	1,162	3,280
Total current liabilities	109,726	119,590
Non-current liabilities		
Loans from controlled entities	23,331	25,358
Other loans and borrowings	108,119	78,818
Provisions	4,899	4,720
Deferred tax liabilities	2,152	–
Deferred revenue	6,876	4,815
Total non-current liabilities	145,377	113,711
Total liabilities	255,103	233,301
Net assets	826,441	828,819
EQUITY		
Share capital	219,126	219,126
Reserves	34,167	31,479
Retained earnings	573,148	578,214
Total equity	826,441	828,819

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 41 to 99 and the Remuneration Report in the Directors' Report set out on pages 27 to 39, 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 2014 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 2014.

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 21st day of August 2014.

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 statement of financial position as at 30 June 2014, and income statement and statement of comprehensive income, statement of changes in equity and statement 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 its 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 2014 and of its 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMALGAMATED HOLDINGS LIMITED

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 39 of the directors' report for the year ended 30 June 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kenneth Reid
Partner

Sydney
21 August 2014

SHAREHOLDER INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in the Annual Report is set out below:

SHAREHOLDINGS (AS AT 22 AUGUST 2014)

SUBSTANTIAL SHAREHOLDERS
The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Shareholder	Number of ordinary shares held
Enbeear Pty Limited	56,598,377 *
Carlton Investments Limited	56,588,377
Perpetual Limited	18,512,228
IOOF Holdings Limited	9,962,378

* Includes Carlton Investments Limited holding.

VOTING RIGHTS
Ordinary shares
There were 5,961 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 7.8(a) of the Company's Constitution, are:

"Subject to this constitution and to any rights or restrictions attached to any shares or class of shares, at a general meeting:

(1) on a show of hands, every member present has one vote; and

(2) on a poll, every member present has one vote for each share held as at the Record Time by the member entitling the member to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) on the shares bears to the total amounts paid and payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose."

Options
There were no outstanding options of the Company as at 22 August 2014.

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	Number of shares held
1 – 1,000	2,823	1,216,250
1,001 – 5,000	2,020	5,027,489
5,001 – 10,000	522	3,717,422
10,001 – 100,000	544	13,651,374
100,001 and over	52	136,947,388
	5,961	160,559,923

The number of shareholders holding less than a marketable parcel is 281.

UNQUOTED ORDINARY SHARES
There were 2,749,868 unquoted ordinary shares issued pursuant to the employee share plans. The shares were held by 502 holders. The unquoted ordinary shares have been included within the distribution of shareholders table above.

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS
The names of the 20 largest shareholders of the quoted shares are:

	Number of shares held	Percentage of capital held
Enbeear Pty Limited	32,134,031	20.01
Eneber Investment Company Limited	19,777,772	12.32
JP Morgan Nominees Australia Limited	16,569,189	10.32
National Nominees Limited	8,230,236	5.13
Alphoeb Pty Limited	6,027,315	3.75
The Manly Hotels Pty Limited	5,732,812	3.57
HSBC Custody Nominees (Australia) Limited	5,728,187	3.57
Citicorp Nominees Pty Limited	5,588,955	3.48
Carlton Hotel Limited	5,276,103	3.29
RBC Investor Services Australia Nominees Pty Limited (Pipooled Account)	5,230,616	3.26
RBC Investor Services Australia Nominees Pty Limited (Bkcust Account)	5,085,225	3.17
Mr Alan Graham Rydge	3,269,915	2.04
BNP Paribas Noms Pty Ltd (DRP)	2,047,532	1.28
Argo Investments Limited	1,593,275	0.99
Australian United Investment Company Limited	1,500,000	0.93
Citicorp Nominees Pty Limited (Colonial First State Inv Account)	1,391,843	0.87
TN Phillips Investments Pty Ltd	1,346,000	0.84
Milton Corporation Limited	781,476	0.49
Australian Foundation Investments Company Limited	775,000	0.48
BNP Paribas Nominees Pty Ltd (Agency Lending DRP Account)	606,323	0.38
	128,691,805	80.17

ON-MARKET BUY-BACK
There is no current on-market buy-back.

SECURITIES EXCHANGE
Amalgamated Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. Shares are listed on the ASX under the code AHD. Details of trading activity are published in most Australian daily newspapers.

OTHER INFORMATION

ANNUAL GENERAL MEETING
The Annual General Meeting will be held at 10:00am on Friday 24 October 2014 at:

Event Cinemas
505 – 525 George Street
Sydney NSW 2000.

REGISTERED OFFICE
Level 20
227 Elizabeth Street
Sydney NSW 2000

Telephone	+61 2 9373 6600
Facsimile	+61 2 9373 6534

www.ahl.com.au

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000

GPO Box 2975
Melbourne VIC 3001

Telephone	1300 850 505
Facsimile	+61 3 9473 2500

www.computershare.com

For more information on Amalgamated Holdings Limited, please refer to our website at www.ahl.com.au.

AMALGAMATED
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ABN 51 000 005 103