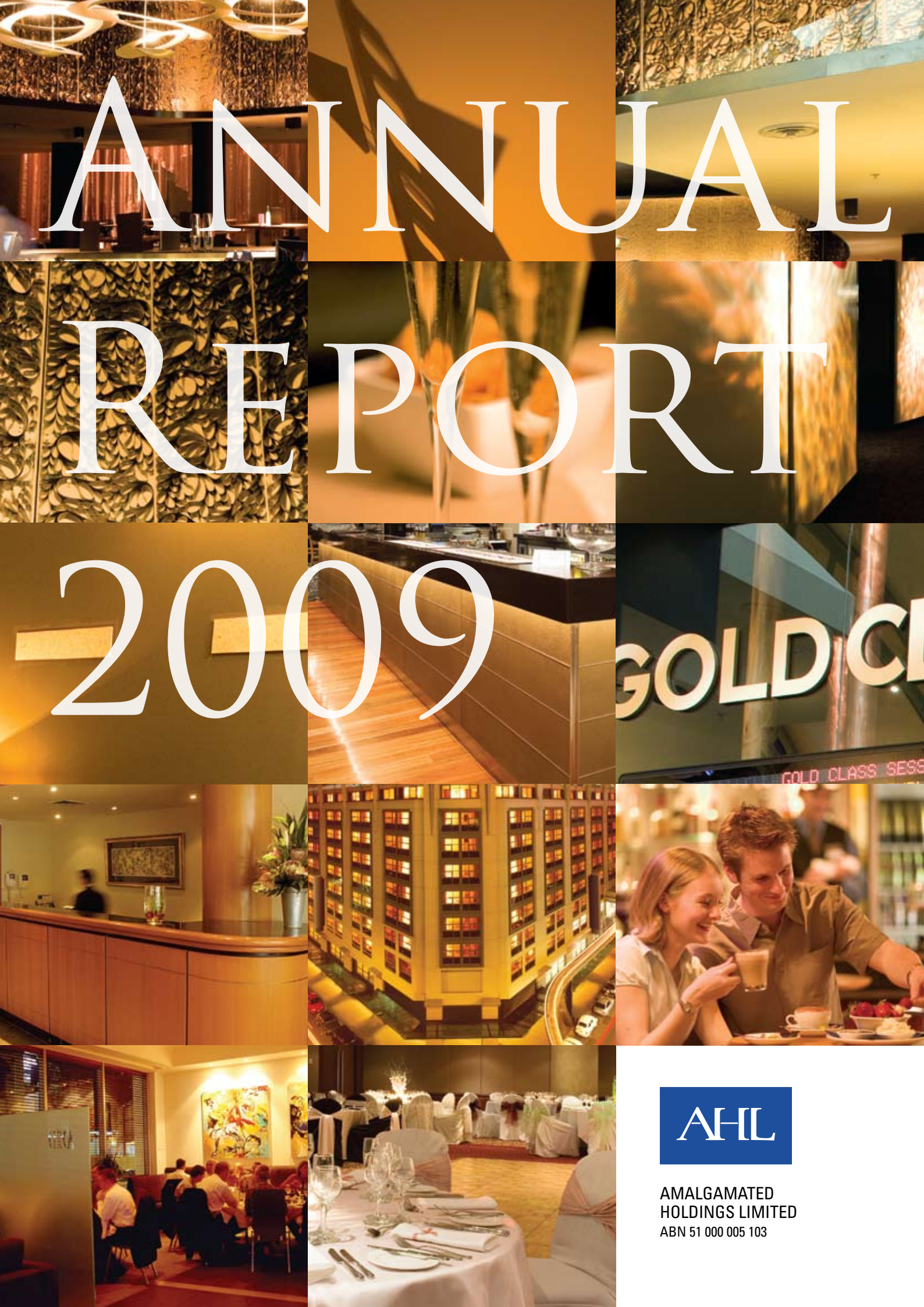


ANNUAL REPORT 2009



AMALGAMATED
HOLDINGS LIMITED
ABN 51 000 005 103



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LEISURE

INMMENT LITY

CONTENTS

CHAIRMAN'S REVIEW	3
ORGANISATIONAL STRUCTURE	5
LOCATIONS	6
MANAGING DIRECTOR'S REVIEW OF OPERATIONS BY DIVISION	10
CORPORATE GOVERNANCE	15
FINANCIAL REPORT — CONTENTS	28
DIRECTORS' REPORT	29
LEAD AUDITOR'S INDEPENDENCE DECLARATION	45
FINANCIAL STATEMENTS	46
NOTES TO THE FINANCIAL STATEMENTS	50
DIRECTORS' DECLARATION	108
INDEPENDENT AUDITOR'S REPORT	109
SHAREHOLDER INFORMATION	110
OTHER INFORMATION	112



TOTAL DIVIDEND
FOR THE YEAR
IS 32 CENTS
PER SHARE.

THIS EQUATES
TO AN INCREASE
OF 7% OVER THE
PRIOR YEAR'S
DIVIDEND AND
IS THE EIGHTH
CONSECUTIVE YEAR
OF INCREASED
DIVIDEND.

CHAIRMAN'S REVIEW

I am pleased to present to you this overview of the operations of Amalgamated Holdings Limited and its controlled entities ("Group") for the year ended 30 June 2009. For a detailed account of the activities of the Group and a review of the performance for the year, I commend to you the Managing Director's Review of Operations by Division contained within this Annual Report.

RESULTS

The Group's normalised net profit, being profit before discontinued operations and individually significant items, was \$71.0 million compared to \$54.1 million in the previous year, an increase of 31%. The increase in normalised net profit was mostly attributable to the entertainment segment, with an uplift in profit from both the domestic and international businesses.

The total net profit was \$69.5 million compared to \$99.4 million in the previous year, a decrease of 30%. The prior year's net profit benefited from individually significant items totalling \$42.7 million, including the profit on the sale of the Group's previously equity accounted interest in Roadshow Distributors Pty Limited, which was sold to Village Roadshow Limited in August 2007.

The Board continues to carefully monitor domestic and international economic environments and, whilst the ongoing uncertainty within the global economy has cause for concern, there is considerable comfort in acknowledging that the Group has been able to achieve what can only be described as an outstanding result.

PROPERTY

As mentioned in previous years, the Group's property portfolio is a significant asset component of the Group. The Group aims to maximise the available returns from the existing property portfolio both through enhanced management and, where appropriate, development.

During the year, the Group added two properties to the Group's portfolio. The Gold Coast International Hotel, a 296 room hotel located in Surfers Paradise, was acquired for the purchase price of \$56.5 million in September 2008 and the Rydges Sabaya

Resort in Port Douglas, which comprises 104 apartments and associated resort facilities, was acquired for the purchase price of \$20.6 million in June 2009. These acquisitions reflect the Group's policy to build the existing property portfolio when suitable opportunities arise.

The Group also continues to explore avenues to unlock the capital potential of certain Group sites. Construction is nearing completion on a seven level commercial office development at the former cinema site in Canberra and the Bass Hill Drive-In site is being sub-divided for residential purposes. Thredbo, the Gowings and State Theatre building sites and selected redundant cinema sites are subject to ongoing assessment to identify appropriate development potential.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

The Board is aware of the important role that it must undertake in maintaining and upholding corporate governance standards. The Board will, as has always been the case, endeavour to achieve the highest levels of accountability and transparency in all aspects of its reporting. The 2009 Corporate Governance Statement included within this Annual Report has been expanded to clearly set out the extent to which the Group complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Recently, there have been two changes to the composition of the Board.

Ms Meredith Hellicar, who had been a Board member since 2003, resigned on 23 April 2009. Mr Peter Coates AO was appointed to the Board on 10 July 2009. Mr Coates' appointment was recommended to the Board by the Nomination and Remuneration Committee, and his breadth of experience, background and skills complement those of the Board.

DIVIDENDS AND CAPITAL MANAGEMENT

The continuing strength of the earnings capacity of the Group has enabled the Board to recognise shareholders with an increase in the dividend declared for the year. Directors have declared a final dividend of 21 cents per share which, in addition to the 11 cents per

share dividend that was paid on 19 March 2009, brings the total dividend paid for the year to 32 cents per share. This equates to an increase of 7% over the previous year's dividend of 30 cents and is the eighth consecutive year of increased total dividend.

In declaring the dividend, the directors continue to be mindful of the current trading environment in which the Group is operating, together with its ongoing cash requirements. The directors are continuing to abide by a dividend policy that will not only address the short term needs of shareholders and the Group, but hopefully be at a level to provide longer term continuity of earnings for both the Group and shareholders.

Capital management has always been, and remains, an important issue for the Board. Capital management initiatives are periodically assessed and have been incorporated into the Group's annual strategic planning review. All capital management initiatives applicable to the Group are assessed in the context of relevant factors such as the Group's longer term strategic plans as well as external conditions, including the capital market environment and debt and equity markets.

THE FUTURE

The Board believes the Group is in a strong position at the commencement of the new financial year.

Whilst the market segments in which the various businesses operate will, from time to time, undergo changes, the businesses comprising the Group are robust and, notwithstanding variable operating conditions and external factors, we can assure shareholders that management will continue to pursue opportunities that will allow long term earnings growth for the Group.



Alan G Rydge
Chairman

Amalgamated Holdings Limited



STRUCT

ORGANISATIONAL TURE

ENTERTAINMENT

EVENT

GREATER UNION

BIRCH CARROLL & COYLE

Collectively one of Australia's leading cinema exhibitors, with cinemas in every mainland capital and the dominant exhibitor in Queensland and the Northern Territory.

INTERNATIONAL CINEMAS

Operates under the Cinestar brand with extensive cinema exhibition interests in Germany and the Middle East.

STATE THEATRE

A 2,000 seat theatre, including function facilities, located in the heart of the Sydney CBD.

ENTERTAINMENT TECHNOLOGY

EDGE DIGITAL TECHNOLOGY

Supply and installation of cinema audio and visual equipment.

FILMLAB ENGINEERING

Manufacture and supply of film processing equipment.

CINESOUND MOVIE TONE PRODUCTIONS

A joint venture with Fox, providing custody and maintenance of archival newsreel and film footage.

PROPERTY AND OTHER INVESTMENTS

Extensive property holdings and available-for-sale investments. Property holdings include cinema, hotel and long-term commercial and retail property investments.

HOSPITALITY & LEISURE

RYDGES HOTELS & RESORTS

Owner and operator of hotels and resorts in Australia, New Zealand, the United Arab Emirates and the United Kingdom.

THREDBO ALPINE RESORT

Australia's premier alpine resort destination offering a unique summer and winter experience. The activities include the operation of the ski resort, property development and management and accommodation management.

FEATHERDALE WILDLIFE PARK

Located in western Sydney and is home to Australia's largest collection of native fauna.

LOCAT

ENTERTAINMENT

www.eventcinemas.com.au

www.greaterunion.com.au

www.birch.com.au

EVENT

NSW

Bondi Junction, Sydney
Campbelltown, Sydney
MEGAPLEX Castle Hill, Sydney
MEGAPLEX Macquarie, Sydney
Parramatta, Sydney
George Street Cinemas, Sydney

SA

MEGAPLEX Marion, Adelaide

WA

MEGAPLEX Innaloo, Perth

QLD

MEGAPLEX Chermside, Brisbane
MEGAPLEX Indooroopilly, Brisbane
Robina, Gold Coast

GREATER UNION

ACT

Manuka, Canberra

NSW

Burwood, Sydney
Glendale, Newcastle
Hornsby, Sydney

Hurstville, Sydney

Liverpool, Sydney

Miranda, Sydney

Mosman, Sydney

Newcastle

Shellharbour

Tuggerah, Central Coast

Wollongong

Blacktown Drive-In, Sydney

SA

Arndale, Adelaide

VIC

Melbourne City

WA

Morley, Perth

BIRCH CARROLL & COYLE

NSW

Coffs Harbour

Lismore

NT

Casuarina

Darwin City

QLD

Australia Fair, Gold Coast

Brisbane City Regent Centre, Brisbane

Brisbane City Myer Centre, Brisbane

Browns Plains, Brisbane

Cairns Central

Cairns City

Capalaba, Brisbane

Carindale, Brisbane

Coolangatta, Gold Coast

Earlville, Cairns

MEGAPLEX Garden City, Brisbane

Grand Central, Toowoomba

Ipswich City

Mackay City

Mt Pleasant, Mackay

Maroochydore, Sunshine Coast

Morayfield, Brisbane

Pacific Fair, Gold Coast

North Rockhampton

Strathpine, Brisbane

The Strand, Toowoomba

Townsville City

CINESTAR

Germany

United Arab Emirates

www.cinestarcinemas.com

www.cinestar.de

STATE THEATRE

Sydney, NSW

www.statetheatre.com.au

IONS

ENTERTAINMENT TECHNOLOGY

EDGE DIGITAL TECHNOLOGY

Sydney, NSW
Melbourne, VIC
Adelaide, SA
Brisbane, QLD
Perth, WA
Auckland, NZ
www.edgedigitaltechnology.com.au

FILMLAB

Sydney, NSW
www.filmlab.com.au

HOSPITALITY & LEISURE

RYDGES HOTELS & RESORTS

www.rydges.com
Rydges Central Reservations
Toll Free 1300 857 922

AUSTRALIA

Rydges South Park, Adelaide
Rydges South Bank, Brisbane
Rydges Tradewinds, Cairns
Rydges Esplanade Resort, Cairns
Rydges Plaza, Cairns

Rydges Oasis Resort, Caloundra
Rydges Capital Hill, Canberra
Rydges Lakeside, Canberra
Rydges Eagle Hawk Resort, Canberra
Rydges Hobart
Rydges Melbourne
Rydges North Melbourne
Rydges Bell City, Preston, Melbourne
Rydges on Swanston, Melbourne
Rydges Brighton Beach, Melbourne
Rydges Kalgoorlie
Rydges Perth
Rydges Gladstone
Rydges Sabaya Resort, Port Douglas
Rydges Southbank Townsville
Rydges Bankstown, Sydney
Rydges Campbelltown, Sydney
Rydges Camperdown, Sydney
Rydges Cronulla, Sydney
Rydges North Sydney
Rydges Parramatta, Sydney
Rydges World Square, Sydney
Rydges Port Macquarie
Rydges Wollongong
Gold Coast International Resort,
Surfers Paradise
Capricorn International Resort, Yeppoon
Capitol Square Hotel, Sydney

FIJI

Rydges Hideaway Resort Fiji

NEW ZEALAND

Rydges Auckland
Rydges Christchurch
Rydges Lakeland Resort, Queenstown
Rydges Rotorua

UNITED ARAB EMIRATES

Rydges Plaza Dubai

UNITED KINGDOM

Rydges Kensington Plaza, London

THREDBO ALPINE RESORT

Thredbo, NSW
www.thredbo.com.au

FEATHERDALE WILDLIFE PARK

Doonside, NSW
www.featherdale.com.au

AHL CORPORATE

49 Market Street
Sydney NSW 2000
Phone (02) 9373 6600
www.ahl.com.au

**NORMALISED NET
PROFIT WAS \$70,968,000
(2008: \$54,054,000) AN
INCREASE OF \$16,914,000
OR 31.3% ABOVE THE
PRIOR YEAR RESULT.**



MANAGING DIRECTOR'S REVIEW OF OPERATIONS BY DIVISION

CINEMA EXHIBITION DOMESTIC

As at 30 June	2009	2008	Movement
Cinema locations*	53	54	(1)
Cinema screens*	460	461	(1)

* Owned, joint venture and managed cinema sites.

ENTERTAINMENT

Domestic Exhibition enjoyed a particularly strong year with Box Office up over the prior year by 11.7%. This result was driven by the strong performance of *The Dark Knight* which achieved in excess of \$45 million at the Australian Box Office. Other major contributors were *Australia*, *Mamma Mia!* and *Quantum of Solace* all achieving in excess of \$30 million and *Madagascar: Escape 2 Africa*, *Twilight*, *Hancock* and *Monsters v's Aliens* all over \$20 million.

During the year, the Group expanded its 3D digital footprint significantly so as to capitalise on the increasing number of titles released in 3D. Over the 12 month period, 46 additional 3D projectors were installed over the circuit taking the total amount of projectors to 53. This is the largest deployment of any exhibitor within Australia.

Merchandising revenue continued to grow with a 5.6% improvement in revenue per admission over the prior year. This growth was driven by a number of successful Candy Bar Combo promotions and the ongoing success of the Gold Class concept. The increased Box Office and merchandising revenue resulted in the Domestic Exhibition earnings for the period increasing over the prior year by \$8,690,000 or 25.3%.

In May, the Group launched a new cinema brand, Event Cinemas. Event Cinemas is a new concept and features the premium cinema offering of Gold Class and/or Vmax and enhanced food and beverage facilities, including Scoop Self Serve Candy Bar and Set Café/Bar. The entertainment offered will be expanded through digital to include live concerts and sporting events.

During the year, the Group also successfully launched its cinema loyalty program, Cinebuzz. Key benefits to members include rewards for frequency, invitations to special advance screenings and discounted ticket offers. Over 500,000 customers had joined the program by 30 June 2009.

A strong focus on corporate sales as well as the continued broadening of retail sales channels for gift cards products resulted in a 13.3% increase in the sales of these products. In addition the convenience of purchasing tickets online resulted in a further increase in the number of customers using this channel, increasing by 27.3% on the prior year.

During the year, the Group opened a new 11 screen cinema at the Robina Town Centre on Queensland's Gold Coast, replacing an existing six screen complex. This development is an Event Cinema and includes one Vmax

CINEMA EXHIBITION INTERNATIONAL

As at 30 June	2009	2008	Movement
Cinema locations*	70	74	(4)
Cinema screens*	544	559	(15)

* Owned, joint venture and managed cinema sites

screen and three Gold Class screens. The Group also converted six screens at the Castle Hill complex in Sydney's North West to 5 Gold Class screens. In addition the Group closed the five screen cinema at Hindley Street in Adelaide. The Group has retained ownership of this site and it has been leased to a commercial tenant.

The contribution for the Group's 50% interest in the Village managed circuit in Victoria increased by 54.0% over the prior year. This significant improvement was largely due to the strong movie line-up, the successful opening of a new nine screen cinema at Doncaster in October 2008 and the closure of the loss-making site at Waverley Gardens in the later part of the prior year.

GERMANY

The Group's cinema exhibition operations in Germany was the stand-out performer within the Group, showing an increased profit before tax and interest of \$11,659,000. Box Office revenue increased over the prior year by 10.3%, with the top performing films for the year being *Madagascar: Escape 2 Africa*, *Angels & Demons*, *Quantum of Solace*, *Mamma Mia!*, *Hancock* and *The Dark Knight*. These films were well supported by a number of German productions including *Der Baader Meinhof Komplex*, *Krabat*, *Mannersache* and *1½ Ritter. The Reader*, a joint US and German production, also performed strongly within the German market.

Merchandising revenue per admission increased by 3.7% over the prior year. The increase in revenue along with further reductions in the level of operating costs contributed to the overall improved result.

During the period, four non-profitable sites were closed. However, several significant loss-making sites remain under review, particularly sites at Augsburg and Chemnitz.

3D capability was initially rolled out to 10 sites with a further 26 sites earmarked for 3D capability in the near future.

THE MIDDLE EAST

The Middle East cinema business continued to show growth and traded very strongly during the year. Box office was ahead of the prior year period by 14.7%. Merchandising revenue also grew, to be up by 17.6% over the prior year.

The weakening of the Australian dollar against both the Euro and Dirham also contributed to an increased contribution from the International Cinema operations, particularly from October 2008 through to March 2009.

REVIEW OF OPERATIONS BY DIVISION CONTINUED

RYDGES HOTELS AND RESORTS

As at 30 June	2009	2008	Movement
Locations*	39	37	2
Rooms*	6,761	6,406	355

* Owned and managed hotels.

HOSPITALITY AND LEISURE

The profit before tax, interest and individually significant items for the Hotels and Resort business was \$24,530,000 representing a decline over the prior year of 20.5%.

Occupancy in the Group's owned hotels was 73.3%, down 1.4 percentage points over the prior year. There was only a marginal decline in average rate, resulting in a revenue per available room rate of \$101.95, down 2.9% on the prior year. This result reflects an increased market share and was relatively pleasing considering the challenging trading environment.

Operating costs were reasonably well controlled; however, the result was impacted by one-off restructuring costs associated with the integration of a new owned hotel and redundancy and staff reallocation expenses.

With the global financial crisis negatively impacting demand, the focus was on cost control and growing market share via increased levels of promotional activity.

This resulted in improved staff productivity and significant volume growth from the leisure market. However, the growth in leisure travel was not at a pace sufficient to offset declines in the corporate, conference and inbound segments.

Despite soft demand across the board, results held up well in Canberra, Perth, Brisbane, Townsville, Gladstone and Christchurch. Conversely, trading conditions were difficult in Tropical North Queensland and Sydney.

The *Rydges PriorityGUEST* program has grown into a significant contributor to the Group's revenues. Rooms booked through the program exceeded 245,000, an increase of some 50% over the prior year.

Bookings from Rydges.com grew by 156,300 to 254,045 and accounted for 16.6% of total rooms sold during the year. Rooms booked online now account for 28% of total rooms sold.

The Group acquired the Gold Coast International Hotel in October 2008. Three new managed hotels, Rydges Hideaway Resort Fiji, Rydges Brighton and Rydges Kalgoorlie

also joined the group. A 380 room extension and major expansion of conference space were completed at Rydges Bell City, and an 80 room extension and a new ball room are currently under construction at Rydges Auckland.

A review of the carrying value of owned hotel properties as at 30 June 2009, resulted in impairment write-downs totalling \$3,028,000 in respect of two hotel properties. The impairment write-downs have been disclosed as individually significant items for the year ended 30 June 2009.

KOSCIUSZKO THREDBO

With the completion of stage 4 of the enhancement and automation of Thredbo's snowmaking system, it now offers a great and much improved product with ski slopes of all skier levels from beginners, intermediate and advance terrain now being covered by snowmaking. Thredbo achieved approximately 392,500 skier days, which was the best result in the last five years and the third best ever recorded.

The favourable skiing conditions particularly in July and August 2008 helped Thredbo achieve a record financial result. Other positive earnings initiatives included the maximisation of yield-per-skier, increased marketing of the shoulder periods and effective management of operating costs.

The start of winter 2009 has been above average.

Future development will focus on the adoption and staged implementation of a 20 year master plan for the Resort.

LEISURE AND ATTRACTIONS

Featherdale's earnings were slightly ahead of the prior year notwithstanding the continued weakness in the inbound tourist market. The weakness in the inbound market was offset by strong domestic market admissions, which were boosted by the World Youth Day period.

The State Theatre experienced significantly improved trading conditions compared to the prior year, driven by the increased number of performances held at the theatre over this period.

ENTERTAINMENT TECHNOLOGY

ATLAB

The Group sold its 50% interest in the Atlab group in September 2008. The consideration for the sale was \$1,500,000, which was equivalent to the Group's carrying value and, as a result, there was no profit or loss on sale.

OTHER

The Atlab sale did not include the wholly-owned businesses of Edge Digital Technology (previously known as Atlab Image and Sound Technology) nor the Filmlab business.

Edge Digital Technology improved revenues from installation projects; however, the result was negatively impacted by reduced margins and a stock obsolescence write-off. Filmlab produced a satisfactory result but was impacted by a \$566,000 inventory write-down.

STRATEGIC INVESTMENTS

PROPERTY

Rental income from the Group's property portfolio was generally in line with the prior year. Included in the result for this segment is a fair value decrement of \$1,030,000 relating to the revaluation of investment properties. This compares to the prior year fair value decrement of \$1,400,000 and reflects continued softening in the valuation of commercial property assets.

An impairment write-down of \$2,312,000 was recognised in the financial year for a retail property owned by the Group. The impairment write-down has been disclosed as individually significant item for the year ended 30 June 2009.

Construction is expected to be completed in November 2009 on a seven level commercial office development at the former cinema site at Mort Street, Canberra Civic. A pre-commitment leasing agreement for the entire building has been entered into. Sales and marketing of the residential sub-division of the Bass Hill Drive-In site has commenced.



David C Seargeant
Managing Director

Amalgamated Holdings Limited



CORPORATE GOVERNANCE

THIS 2009 CORPORATE GOVERNANCE STATEMENT SETS OUT THE KEY CORPORATE GOVERNANCE PRINCIPLES ADOPTED BY THE DIRECTORS

1. INTRODUCTION

This 2009 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 2009.

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 ensures 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 10 of this Statement.

The corporate governance page of the Company's website (www.ahl.com.au) contains most of 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 document.

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 best practice corporate governance;
- 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;

CORPORATE GOVERNANCE CONTINUED

- monitoring compliance with regulatory requirements and ethical standards;
- monitoring the integrity of internal control and reporting systems;
- monitoring strategic risk management systems, including review of processes for identifying areas of significant business risk, including those associated with legal compliance obligations, monitoring risk management policies and procedures, 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 annual and half yearly 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 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 10 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. It is standard practice to have six 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 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 each 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 and experience 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 9.1 of this Statement.

Details of the number of Board meetings and the attendance of the directors have been included in section 9.2 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.

Two directors of the Company are also directors 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 listed investments. The Board has considered the question of independence of the director of Carlton who does not have a substantial beneficial shareholding in his own right. The Board has 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 a directorship in Carlton should not impact on the ability and willingness of a director 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 the

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 a non-executive Chairman since 1 January 2002.

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.

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 Directors' Retirement Plan (the "Plan") was suspended in May 2003 and directors appointed to the Board after that date are not entitled to participate in the Plan.

Eligible directors in office prior to the suspension of the Plan in May 2003 are able to participate in the Plan. Subject to the Corporations Act 2001, those eligible directors with more than three years service receive a retirement lump sum based on the length of

service and the average of the fees paid. The benefit is capped at a maximum lump sum per eligible director of \$165,000.

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.

4. AUDIT COMMITTEE

4.1 ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee Charter sets out its 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 auditors 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 Committee, in scheduled sessions at the end of each meeting, without the presence of management, addresses questions to the external auditors and Group Internal Audit Manager on matters relating to the Committee's responsibilities.

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

CORPORATE GOVERNANCE CONTINUED

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 2006.

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 Committee Charter is available from the Company's website or upon request from the Company Secretary.

4.2 COMPOSITION OF THE AUDIT COMMITTEE

The Audit 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 Committee during the year were:

- AJ Clark (Chairman) — independent non-executive director;
- RM Graham — independent non-executive director; and
- AG Rydge — non-executive director.

Other directors who are not members of the Committee are invited to attend meetings. 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 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 9.2 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 its 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;
- RM Graham — independent non-executive director; and
- AG Rydge — non-executive director.

Other directors who are not members of the Committee are invited to attend meetings. 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 9.2 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 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.

The Board also has in place an annual process to review its performance as well as the performance of the committees of the Board. 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 August 2009. 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 which forms part of the Directors' Report for the year ended 30 June 2009. The Remuneration Report confirms that the structure of non-executive director remuneration is separate and distinct from 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 \$1.1 million, which was approved by shareholders at the 2007 Annual General Meeting of shareholders. 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 was \$712,000.

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, undertakes 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 2009.

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 2009.

7. RISK MANAGEMENT

7.1 RISK PROFILE AND OVERSIGHT OF THE RISK MANAGEMENT SYSTEM

The Board 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; and
- risk management and internal audit functions.

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 2009 was completed in July 2009.

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 Board provides assistance to management in the development and maintenance of processes to minimise 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 reports of the Company and Group are 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 2009 were received in August 2009.

7.3 INTERNAL AUDIT

The Group Internal Audit Manager assists the Board in ensuring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of compliance and control systems. The Audit 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.

7.4 CODE OF CONDUCT AND ETHICAL STANDARDS

The Company has a Code of Conduct and Ethical Standards ("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.

CORPORATE GOVERNANCE CONTINUED

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 for the Australian operations. The policy is designed to support and protect any employees who reports non-compliant, suspicious or unethical conduct by other employees of the Group, regardless of 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 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 Trade Practices Act 1974;
- 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 Constitution allows directors to acquire shares in the Company. However, it is the policy of the Company that directors only buy or sell shares in the Company in the six week period immediately following any price sensitive announcement including the half year and full year results, and the Annual General Meeting. Purchases outside of this period must receive the prior approval of the Board. 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. This policy is also applicable to employees of the Group and the policy is outlined within the Code.

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.

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 Group has instituted prohibitions on employees from using derivatives or entering into transactions that operate, or are intended to operate, to limit the economic risk of security holdings over unvested performance shares issued under the Group's long term incentive scheme.

8. COMMUNICATION AND ENVIRONMENT

8.1 CONTINUOUS DISCLOSURE POLICY

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's shares, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- the Chairman, Managing Director, Director Finance & Accounting and Company Secretary are responsible for interpreting the Continuous Disclosure Policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered and all senior executives must follow a set process, which involves monitoring all areas of the Group's internal and external environment. The Company considers it has complied with all of its continuous disclosure obligations;
- 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;
- the Chairman's address is presented at the Annual General Meeting and subsequently distributed by mail to all shareholders;
- the half year report contains summarised financial information and a review of the operations of the Group during the period. The report is sent to all shareholders (unless a shareholder has specifically requested not to receive the document); and
- notification is made to the ASX of any other significant matters regarding the Group in accordance with the ASX Listing Rules.

All of 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 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 Audit 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 SYSTEMS

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. DIRECTORS' QUALIFICATIONS AND ATTENDANCE AT MEETINGS

9.1 DIRECTORS' QUALIFICATIONS, EXPERIENCE AND INDEPENDENT STATUS

ALAN RYDGE

Age 57. Non-executive Chairman, Board member since 1978, Chairman of the Board since 1980, Audit Committee member and Nomination and Remuneration Committee member.

EXPERIENCE

A company director with 30-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 Enbear Pty Limited.

ANTHONY CLARK

AM, FCA, FAICD

Age 70. Independent non-executive director, Board member since 1998, Audit Committee member and Nomination and Remuneration Committee member.

Mr Clark is chairman of the Audit Committee and Nomination and Remuneration Committee and is the lead independent director.

EXPERIENCE

A company director with 40-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, include:

- Carlton Investments Limited (appointed 2000);
- Cumnock Coal Limited (appointed director and chairman 2001 and resigned 2007);
- Ramsay Health Care Limited (appointed 1998); and
- Telstra Corporation Limited (appointed 1996 and resigned 2005).

In addition, Mr Clark was previously the deputy chairman of Tourism Australia (resigned December 2006).

PETER COATES

AO

Age 63. Independent non-executive director and Board member appointed 10 July 2009.

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, include:

- Downer EDI Limited (appointed 30 October 2008);
- Minara Resources Limited (appointed 1 April 2008 and chairman 9 May 2008); and
- Santos Limited (appointed 18 March 2008 and deputy chairman 10 December 2008).

CORPORATE GOVERNANCE CONTINUED

Mr Coates was past chairman of the Minerals Council of Australia, the NSW Minerals Council and the Australian Coal Association and member of the APEC 2007 Business Consultative Group, the Prime Minister's Emission Trading Task Group and NSW Minerals Ministerial Advisory Council. Mr Coates is currently a member of the Business Council of Australia.

THOMAS FORD**FAICD**

Age 70. Independent non-executive director and Board member since 1993.

EXPERIENCE

A company director and Investment Banker with 40-plus years of banking and finance related experience. Previous directorships include Resolute Mining Limited and Australian Pipeline Trust.

DIRECTORSHIPS

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

- Resolute Mining Limited (appointed 2001); and
- Australian Pipeline Trust (appointed 1999 and resigned 2004).

In addition, Mr Ford is a director of Australian Jockey Club Limited and chairman of Resimac Limited.

ROBERT GRAHAM**BE SYDNEY, MBA HARVARD, FAICD**

Age 72. Independent non-executive director, Board member since 1990, Audit Committee member and Nomination and Remuneration Committee member.

EXPERIENCE

A company director with 40-plus years experience as a management consultant and senior executive. Former group general manager and director of Consolidated Press Holdings Limited and managing director of Samuel Taylor.

DIRECTORSHIPS

Mr Graham was a former director of the Australian Institute of Company Directors (1998 – 2001).

MEREDITH HELLICAR**BA, LLM (HONS), FAICD**

Age 55. Ms Hellicar resigned as a director on 23 April 2009. Prior to resignation, Ms Hellicar held the position of independent non-executive director and Board member having been appointed in September 2003.

EXPERIENCE

A company director with 20-plus years senior executive experience in the telecommunications, resources, logistics, legal services and financial services sectors. Former managing director of TNT Logistics Asia, chief executive officer of Corrs Chambers Westgarth and managing director of InTech Financial Services Limited. Previous directorships include Southern Cross Airports Group, HLA Envirosciences, AurionGold Limited, NSW Treasury Corporation, HCS Limited and the NSW Environment Protection Authority.

DIRECTORSHIPS

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

- AMP Limited (appointed 2003 and resigned April 2009); and
- James Hardie Industries NV (appointed 2001 and resigned 2007).

In addition, Ms Hellicar was a director of the Garvan Institute Foundation (resigned April 2009).

RICHARD NEWTON**BBUS (MARKETING), FAICD**

Age 49. 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 year:

- chairman of Capricorn Village Joint Venture, WA;
- director of Carlton Football Club;
- director of Mobileworld Communications Pty Limited (Crazy John's); and
- director of Selpam (Australia) Pty Limited (managing director appointed May 1990 and resigned November 2007 and appointed chairman December 2007) and a director of various companies wholly owned by Selpam (Australia) Pty Limited.

DAVID SEARGEANT

Age 59. Managing Director, Board member since 2001 and appointed Managing Director in January 2002.

EXPERIENCE

Managing Director with 30-plus years experience in the hospitality and leisure industries. Former managing director of Rydges Hotels group (1988 – 2002) and the Greater Union group (2000 – 2002).

DIRECTORSHIPS

Mr Seargeant held the following directorships during the year:

- director of Tourism Training Australia; and
- director of Atlab Holdings Pty Limited (resigned September 2008).

Explanation of Abbreviations and Degrees:

AM Member in the Order of Australia; **AO** Officer in the Order of Australia; **BA** Bachelor of Arts; **BBus (Marketing)** Bachelor of Business (Marketing); **BE Sydney** Bachelor of Engineering, The University of Sydney; **FAICD** Fellow of the Australian Institute of Company Directors; **FCA** Fellow of The Institute of Chartered Accountants in Australia; **LLM (Hons)** Master of Laws (Honours); and **MBA Harvard** Master of Business Administration, Harvard University.

9.2 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 Committee meetings		Nomination and Remuneration Committee meetings	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
AG Rydge	11	11	4	4	4	4
AJ Clark	11	11	4	4	4	4
PR Coates ^(a)	—	—	—	—	—	—
TC Ford	11	11	—	—	—	—
RM Graham	11	11	4	4	4	4
RG Newton	11	11	—	—	—	—
M Hellicar ^(b)	9	8	—	—	—	—
DC Seargeant ^(c)	11	11	4	4	3	3

(a) PR Coates was appointed 10 July 2009.

(b) M Hellicar resigned 23 April 2009.

(c) Attended Committee meetings by invitation.

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

10. RECOMMENDATIONS

RECOMMENDATIONS		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 • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. 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.	— 6.2 3.1	Not applicable Yes Yes
Recommendation 2.1	A majority of the board should be independent directors.	3.3, 9.1	Yes
Recommendation 2.2	The chair should be an independent director.	3.5, 9.1	No

CORPORATE GOVERNANCE CONTINUED

RECOMMENDATIONS		REFERENCE	COMPLY
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 - the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds - 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 - 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 - the period of office held by each director in office at the date of the annual report - 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 - 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 - an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. 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 - the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee - the board's policy for the nomination and appointment of directors.	3.3, 9.1 3.4, 9.1 3.4 3.8 9.1 5.2, 9.2 6.1 3.3	Yes Yes Yes Yes Yes Yes Yes Yes
Recommendation 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	7.4, 7.5	Yes
	- 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 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		

RECOMMENDATIONS	REFERENCE	COMPLY
Recommendation 3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	7.4, 7.7 Yes
Recommendation 3.3	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 or 3.3 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:	— Not applicable
	any applicable code of conduct or a summary	7.4 Yes
	the trading policy or a summary.	7.7 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 - 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. 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, 9.1, 9.2 Yes
	the number of meetings of the audit committee	4.2, 9.2 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	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

CORPORATE GOVERNANCE CONTINUED

RECOMMENDATIONS		REFERENCE	COMPLY
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
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

RECOMMENDATIONS	REFERENCE	COMPLY
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 • whether the board has received the report from management under Recommendation 7.2 • whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. 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 7.2 7.1	Not applicable Yes Yes Yes
Recommendation 8.1	3.2, 5.1, 5.2	Yes
Recommendation 8.2	6.1, 6.2	Yes
Recommendation 8.3 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 • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors • an explanation of any departures from Recommendations 8.1, 8.2 or 8.3. 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 • 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.	5.2, 9.1, 9.2 3.9, 6.1 — 5.1 7.7	Yes Yes Not applicable Yes Yes

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

CONTENTS

DIRECTORS' REPORT	29	18. Investment properties	77
DIRECTORS' REPORT: REMUNERATION REPORT-AUDITED	35	19. Goodwill and other intangible assets	77
LEAD AUDITOR'S INDEPENDENCE DECLARATION	45	20. Other non-current assets	79
INCOME STATEMENTS	46	21. Payables	79
BALANCE SHEETS	47	22. Interest bearing liabilities and borrowings	79
STATEMENTS OF CHANGES IN EQUITY	48	23. Financing arrangements	80
STATEMENTS OF CASH FLOWS	49	24. Provisions	80
NOTES TO THE FINANCIAL STATEMENTS	50	25. Other liabilities	81
1. Significant accounting policies	50	26. Share capital	82
2. Segment reporting	57	27. Reserves and retained earnings	83
3. Revenue and other income	62	28. Financial risk management	84
4. Profit before income tax	63	29. Employee benefits	92
5. Discontinued operations	64	30. Commitments and leases	93
6. Auditors' remuneration	65	31. Contingent assets and liabilities	95
7. Taxation	65	32. Deed of Cross Guarantee	96
8. Dividends	69	33. Acquisition and disposal of businesses and subsidiaries	97
9. Earnings per share	70	34. Particulars in relation to consolidated entities	98
10. Cash and cash equivalents	70	35. Investments in associates	99
11. Receivables	70	36. Investments in jointly controlled entities	101
12. Inventories	71	37. Director and executive disclosures	102
13. Other current assets	71	38. Related parties	106
14. Other financial assets	72	39. Reconciliation of cash flows from operating activities	107
15. Available-for-sale financial assets	72	40. Events subsequent to reporting date	107
16. Investments accounted for using the equity method	72	DIRECTORS' DECLARATION	108
17. Property, plant and equipment	72	INDEPENDENT AUDITOR'S REPORT	109
		SHAREHOLDER INFORMATION	110
		OTHER INFORMATION	112

DIRECTORS' REPORT

The directors present their report together with the financial report of Amalgamated Holdings Limited ("Company" or "Parent Entity") and the consolidated entity ("Group"), being the Company and its controlled entities, for the year ended 30 June 2009 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:

Mr AG Rydge (Chairman)
Director since 1978

Mr AJ Clark (lead independent director)
Director since 1998

Mr PR Coates
Appointed 10 July 2009

Mr TC Ford
Director since 1993

Mr RM Graham
Director since 1990

Mr RG Newton
Appointed 29 February 2008

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

Ms M Hellicar was a director since 2003 and resigned 23 April 2009.

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 with the Financial 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 has been disclosed within the Corporate Governance Statement included with the Financial Report.

COMPANY SECRETARY

Mr 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 Chartered Secretaries Australia.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the year were:

- motion picture exhibition in cinemas and drive-in theatres;
- ownership of cinema, drive-in, office and retail properties;
- operation of hotels, resorts and restaurants and ownership of hotel properties;
- ownership and operation of Thredbo Alpine Resort;
- ownership and operation of Featherdale Wildlife Park;
- ownership and operation of the State Theatre, Sydney;
- supply of theatre and film laboratory equipment; and
- investment in shares in various listed and unlisted companies.

During the year the Group disposed of its 50% interest in Atlab Holdings Pty Limited ("Atlab"). Further details of this transaction are outlined in the significant changes in the state of affairs and detailed below.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant change in the state of affairs of the Group during the year included the sale of the Group's 50% interest in the Atlab group in September 2008. Prior to the sale, the Atlab group was an equity accounted associated company. The consideration for the sale was \$1,500,000, which was equivalent to the Group's carrying value and, as a result, there was no profit or loss on the sale.

OPERATING AND FINANCIAL REVIEW OVERVIEW OF THE GROUP

The normalised result before interest was \$97,566,000 (2008: \$76,953,000) and represented an increase of \$20,613,000 or 26.8% above the prior year result. Normalised net profit was \$70,968,000 (2008: \$54,054,000) an increase of \$16,914,000 or 31.3% above the prior year result.

Individually significant items in the previous year totalled \$69,085,000 and included the gain on the disposal of Roadshow Distributors Pty Limited of \$64,381,000. Individually significant items in the current year consist of write-downs in the carrying value of land and buildings totalling \$5,340,000. As a result of the prior year's individually significant items, the Group's net profit of \$69,483,000 (2008: \$99,369,000) was \$29,886,000 or 30.1% below the prior year result.

The normalised result includes a fair value decrement totalling \$1,030,000 relating to the revaluation of the Group's properties that have been classified as investment properties. The prior comparable period included a fair value decrement of \$1,400,000.

DIRECTORS' REPORT CONTINUED

	2009				2008			
	Normalised result *	Discontinued operations	Individually significant items	Total	Normalised result *	Discontinued operations	Individually significant items	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ENTERTAINMENT								
Cinema Exhibition Domestic	42,983	—	—	42,983	34,293	—	—	34,293
Cinema Exhibition International	23,101	—	—	23,101	6,297	—	8,957	15,254
HOSPITALITY AND LEISURE								
Hotels	24,530	—	(3,028)	21,502	30,861	—	—	30,861
Thredbo Alpine Resort	16,012	—	—	16,012	14,938	—	—	14,938
Leisure/Attractions	1,574	—	—	1,574	974	—	—	974
ENTERTAINMENT TECHNOLOGY								
Technology	(761)	—	—	(761)	3	—	—	3
STRATEGIC INVESTMENTS								
Available-for-sale investments	428	—	—	428	402	—	—	402
Property	2,127	—	(2,312)	(185)	2,744	—	—	2,744
UNALLOCATED REVENUES AND EXPENSES	(12,428)	250	—	(12,178)	(13,559)	500	—	(13,059)
DISCONTINUED OPERATIONS								
Roadshow Distributors Pty Limited	—	—	—	—	—	2,115	64,381	66,496
Atlab Holdings Pty Limited	—	—	—	—	—	169	(4,253)	(4,084)
	97,566	250	(5,340)	92,476	76,953	2,784	69,085	148,822
Finance revenue	1,440	—	—	1,440	3,354	—	—	3,354
Finance costs	(5,112)	—	—	(5,112)	(5,353)	—	—	(5,353)
	93,894	250	(5,340)	88,804	74,954	2,784	69,085	146,823
Income tax expense	(22,932)	—	—	(22,932)	(20,754)	—	—	(20,754)
Income tax (expense)/benefit from discontinued operations	—	3,605	—	3,605	—	(150)	(26,404)	(26,554)
	70,962	3,855	(5,340)	69,477	54,200	2,634	42,681	99,515
Minority interest	6	—	—	6	(146)	—	—	(146)
Net profit	70,968	3,855	(5,340)	69,483	54,054	2,634	42,681	99,369

* Normalised result is profit/(loss) before individually significant items, discontinued operations, minority interest and income tax.

An analysis of the last five years is outlined below:

	2009	2008	2007	2006	2005
Total revenue and other income (\$'000)	712,311	619,028	628,905	614,612	598,976
Net profit^ (\$'000)	69,483	99,369	82,195	59,441	45,651
Basic earnings per share (cents)	53.5	77.3	64.6	47.3	36.4
Dividends declared (\$'000)	41,727	38,756	35,854	30,261	23,268
Dividends per share (cents)	32.0	30.0	28.0	24.0	18.5

^ Net profit after individually significant items, net finance costs, minority interest and income tax.

INVESTMENTS

The Group acquired property, plant and equipment totalling \$113,968,000 during the year. This figure excludes capital expenditure incurred through partnerships' activities. The acquisitions were primarily attributable to the purchases of the Gold Coast International Hotel and Rydges Sabaya Resort, expansion of the existing cinema circuits, refurbishment requirements for the cinemas, hotels and resorts and the infrastructure and operational requirements for the Thredbo Alpine Resort.

CAPITAL STRUCTURE

During the year, 733,500 ordinary shares were issued as a result of employees exercising options granted under the Management Share Option Plan. Funds raised from the exercise of these ordinary share options amounted to \$2,543,425. In addition, 526,597 performance shares were issued to employees under the Executive Performance Share Plan.

Borrowings increased by \$42,878,000 during the year. The net debt to book equity ratio has decreased to 9.5% as at 30 June 2009 (2008: 1.5%).

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, forward rate agreements and interest rate options. 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 including long term finance leases, 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. The Group currently hedges interest bearing debt in AUD, EUR and NZD with cover at 30 June 2009 extending to September 2012 in AUD, to December 2010 in EUR and September 2011 in NZD. At 30 June 2009, the Group had 64% (2008: 52%) of debt hedged.

The Group classifies interest rate swaps as cash flow hedges and states them at fair value in the Balance Sheet.

LIQUIDITY AND FUNDING

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

- A\$160,000,000 of revolving multi-currency loan facilities;
- A\$70,000,000 of cash advance facilities;
- A\$38,750,000 of credit support facilities (for the issue of letters of credit and bank guarantees);
- a total of A\$5,050,000 in overdraft limits to support its transactional banking facilities.

The above facilities mature on 10 July 2012. These facilities are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt

drawn under these facilities bear interest at the relevant inter-bank benchmark reference rate plus a margin of between 0.45% to 0.90% per annum. At 30 June 2009, the Group had drawn \$67,093,000 (2008: \$13,931,000) under the debt facilities, of which 62.7% was subject to interest rate swaps used for hedging.

In addition to the above facilities, wholly owned subsidiaries in Germany have working capital facilities totalling €9,000,000 (A\$15,649,000) (secured by a letter of credit and bank guarantees drawn under the credit support facility in Australia), and additional working capital facilities totalling €5,000,000 (A\$8,694,000) supported by the Company. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 0.85% to 2.0% per annum. These facilities are subject to annual review. At 30 June 2009, the Group had debt drawn of \$700,000 (2008: \$5,842,000) from these facilities.

Use of funds under the Group's main bank facilities is limited by certain undertakings; however, it is considered that the Group has sufficient bank facilities available to meet any investment opportunities and seasonal fluctuations in working capital requirements.

CASH FLOWS FROM OPERATIONS

Operating net cash inflows decreased to \$101,991,000 from \$103,002,000 in the prior year. This decrease was mostly attributable to lower distributions from associates and jointly controlled entities, working capital movements and income tax paid in relation to the 2008 financial year.

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

The Managing Director's Review of Operations by division is set out on pages 10 to 13.

STRATEGIC PLANS BY DIVISION

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 both the domestic and international cinema businesses.

CINEMA EXHIBITION – DOMESTIC AND INTERNATIONAL 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 Cinema 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 domestic circuit to ensure all regions have access to the release of 3D titles; and
- enhanced customer communication and ticketing through online assets.

MAXIMISING RETURNS FROM EXISTING LOCATIONS

The cinema exhibition markets in Australia, and those international 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 and further cost improvements.

DIRECTORS' REPORT CONTINUED

RATIONALISING UNDERPERFORMING CINEMA SITES

The Group will continue to pursue the policy of rationalising underperforming 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 development of digital technologies for film exhibition;
- alternative film delivery methods and the rise in popularity of other forms of entertainment (including DVD ownership and the increase of home entertainment systems);
- shortening of the release window of film to DVD; and
- increase in unauthorised recording (piracy) of audio and visual recordings for commercial sale.

HOSPITALITY AND LEISURE RYDGES HOTELS AND RESORTS ENHANCING THE GUEST EXPERIENCE

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:

- a constant focus on innovative and dynamic recruitment and training practices to ensure talented and dynamic people are attracted to work in Rydges Hotels;

- maintenance of all hotels at 4 star standard and when required, rejuvenation of key areas of hotels to ensure Rydges' reputation continues to be enhanced;
- a specific focus on creating stand out food and beverage experiences that build incremental spend and enhance each hotels reputation; and
- maintenance of a leadership position in the online distribution and booking capabilities for guests. The Rydges PriorityGuest program and the sales and revenue structure are important support functions for the online strategy.

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 – KOSCIUSKO 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;
- enhancing snow making automation to minimise risks in poor seasons;
- increasing the summer and shoulder visitations by both leisure and conference guests;
- staging of special events that help to promote the Resort; 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.

EDGE DIGITAL TECHNOLOGY AND FILMLAB

MAINTAINING PACE WITH TECHNOLOGICAL ADVANCES

The Group expects that a digital platform will replace 35mm film projection in the exhibition industry over the next one to three years. The Group is assessing potential income streams in relation to the deployment and maintenance of digital projection systems.

MAXIMISING RETURNS FROM EXISTING BUSINESSES

The Group is focusing 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 rollout of the digital platform.

INDUSTRY DEVELOPMENTS

The Group expects that a digital platform will replace the current 35mm film release printing process over the next one to three years. The Group is assessing potential income streams from digital distribution to partially offset the loss of income from traditional film-based processes.

STRATEGIC INVESTMENTS PROPERTY

MAXIMISING RETURNS FROM EXISTING INVESTMENT

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:

Type	Per share Cents	Total amount \$'000	Date of payment	Tax rate for franking credit
DECLARED AND PAID DURING THE YEAR				
Final 2008 dividend	19	24,554	25 September 2008	30%
Interim 2009 dividend	11	14,344	19 March 2009	30%
		38,898		
DECLARED AFTER THE END OF THE YEAR				
Final 2009 dividend	21	27,383	17 September 2009	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 35 to 44 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 Australian Securities Exchange ("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)	Options held directly
AG Rydge	1,801,455	56,165,337	—
AJ Clark	25,000	25,000	—
PR Coates	—	11,500	—
TC Ford	—	10,000	—
RM Graham	10,626	—	—
M Hellicar ^(b)	—	— ^(b)	—
RG Newton	20,000	—	—
DC Seargeant	486,500	234,000	—

(a) Relevant interest under the Corporations Act 2001 differs from the disclosure required under Australian Accounting Standards as presented in Note 37 in the Financial Report.

(b) Ms M Hellicar resigned on 23 April 2009. At the date of resignation, Ms Hellicar had a beneficial interest in 2,000 ordinary shares.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution provides an indemnity to each person, including AG Rydge, AJ Clark, PR Coates, TC Ford, RM Graham, 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.

DIRECTORS' REPORT CONTINUED

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

The following persons were officers of the Company during the year and were previously partners of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Company:

- AJ Clark (retired from audit firm in 1998); and
- PW Horton (retired from audit firm in 2001).

SHARE OPTIONS

There were no options issued during the period. There are no unissued ordinary shares of the Company under option at 30 June 2009.

During the financial year, the Managing Director and certain executives exercised options to acquire 733,500 fully paid ordinary shares in the Company at a weighted average exercise price of \$3.47 per share. Refer to Note 29 of the Financial Report for further details of the options.

No options have been exercised since the end of the year.

AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 45 and forms part of the directors' report for the year ended 30 June 2009.

NON-AUDIT SERVICES PROVIDED BY KPMG

During the year, KPMG, the Company's auditor, has 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 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 Company and have been reviewed by the Audit 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 Company, acting as an advocate for the Company 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 Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	The Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Audit services:				
Auditors of the Company – KPMG Australia				
Audit and review of financial reports	855,191	886,590	293,295	315,903
Other assurance services	32,210	23,330	–	–
Overseas KPMG firms				
Audit and review of financial reports	378,740	375,752	–	–
	1,266,141	1,285,672	293,295	315,903
Other services:				
Auditors of the Company – KPMG Australia				
Income tax compliance	156,492	147,169	111,539	95,555
Indirect tax compliance advice	108,129	40,571	20,262	14,325
	264,621	187,740	131,801	109,880
Overseas KPMG firms				
International income tax compliance	100,502	125,296	–	–
Indirect tax compliance advice	13,572	33,826	–	–
Revenue certificates compliance	14,606	3,595	–	–
Other taxation services	132,176	103,530	–	–
	260,856	266,247	–	–
	525,477	453,987	131,801	109,880

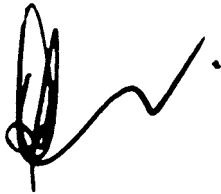
ROUNDING OFF

The Company is of a kind referred to in Class Order 98/100 (as amended by Class Order 04/667) as issued by Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



AG Rydge
Director



DC Seargeant
Director

Dated at Sydney this 20th day of August 2009.

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 Company's Executive Performance Share Plan. The long term benefits of the Executive Performance Share Plan are conditional upon the Company achieving certain performance criteria, details of which are outlined below.

The Company also has the following share and option plans:

- Tax Exempt Share Plan;
- Management Option Share Plan (suspended to new issues and no grants have been made under this plan since 2004); 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 and option plan are provided in Note 29 in the Financial Report.

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 Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

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. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 November 2007 when shareholders approved an aggregate remuneration of \$1,100,000 per year. Non-executive directors do not receive any performance related remuneration nor are they issued options, shares or performance shares.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is 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.

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 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 are presently \$98,000 per annum (Chairman: \$245,000 per annum inclusive of committee fees). Directors' fees cover all main Board activities. Non-executive director members who sit on both the Audit Committee and Nomination and Remuneration Committee receive an additional payment of \$15,000 per annum (Chairman of both the Audit Committee and Nomination and Remuneration Committee: \$30,000 per annum).

DIRECTORS' REPORT CONTINUED

The remuneration of non-executive directors for the year ended 30 June 2009 is detailed on page 40 in this report.

The Company also has a Directors' Retirement Plan. The Directors' Retirement Plan was suspended in respect of any new director appointments, on 15 May 2003 and directors appointed to the Board after that date are not entitled to participate in the Directors' Retirement Plan. Under the Directors' Retirement Plan, directors with more than three years service receive a retirement lump sum based on the length of service. The Directors' Retirement Plan benefits accrued on a monthly basis and reach the maximum amount after 12 years service. The benefit is capped to a maximum lump sum per director of \$165,000. The Directors' Retirement Plan has been fully accrued since the year ended 30 June 2007 and the Company has not incurred any additional expense since that date.

There were no benefits paid under the Directors' Retirement Plan during the year ended 30 June 2009.

The amounts accrued in respect of the Directors' Retirement Plan are as follows:

Directors	2009 \$	2008 \$
AJ Clark	165,000	165,000
TC Ford	165,000	165,000
RM Graham	165,000	165,000
Total	495,000	495,000

The maximum benefit amount has been accrued for each participating director and no further Directors' Retirement Plan expense accruals will occur in future years.

MANAGING DIRECTOR AND EXECUTIVE REMUNERATION OBJECTIVE

The Group 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 so as 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 make-up of executive remuneration, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages for executives, given remuneration trends in other companies, 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 38.

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 purposes 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 senior 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 have been relocated from their country of origin. In some cases, expatriate employees are entitled to the payment or reimbursement of relocation costs (at the commencement and termination of the contract), annual return airfares to the employee's country of origin and the provision of assistance to complete various taxation returns and visa applications.

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 so as 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 Company 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.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Group and each individual business unit is approved by the Nomination and Remuneration Committee. The individual performance of each executive is also rated and all three ratings are taken into account when determining the amount, if any, of the STI pool 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 0% to 100% of the executives' fixed annual remuneration. The target bonus range for the Managing Director and named executives is detailed below:

Executive	Maximum STI calculated on fixed annual remuneration ^(a)	Allocated between					
		Group earnings	Divisional earnings	Department costs	Special projects	Quantitative KPIs	Qualitative KPIs
DC Seargeant	100%	45%	—	—	55%	—	—
NC Arundel	50%	16 ^{2/3} %	16 ^{2/3} %	—	—	16 ^{2/3} %	—
GC Dean	40%	20%	—	—	5%	—	15%
MR Duff	40%	20%	—	—	5%	—	15%
HR Eberstaller	50%	16 ^{2/3} %	16 ^{2/3} %	—	—	—	16 ^{2/3} %
RD Entwistle ^(b)	—	—	—	—	—	—	—
PW Horton	35%	20%	—	—	—	—	15%
KJ Kobishop	50%	16 ^{2/3} %	—	—	20%	8 ^{8/9} %	4 ^{4/9} %

(a) Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

(b) RD Entwistle ceased employment with the Group on 7 February 2009.

Further bonuses may be paid above these levels at the discretion of the Nomination and Remuneration Committee and 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 Share Plan was approved by shareholders at the 2006 Annual General Meeting. The Executive Performance Share Plan was 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 Company focus; and
- retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Company mindset.

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

STRUCTURE

Executives are awarded performance shares which will only vest on the achievement of certain performance hurdles and service conditions. An offer is made under the Executive Performance Share 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 Share 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 Share Plan commences for the Managing Director.

Each award of performance shares 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.

The performance hurdles for the awards of performance shares to executives in the financial year ended 30 June 2009 are based on Amalgamated Holdings Limited's EPS and TSR growth over the Performance Period of the three years from 30 June 2008 (being the "Base Year") to 30 June 2011.

The performance hurdles are as follows:

DIRECTORS' REPORT CONTINUED

EPS HURDLE

The EPS hurdle requires that the Company'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 Company's growth in earnings. The hurdle is as follows:

- if annual compound EPS growth over the Performance Period is less than 8%, no shares will vest with the executive;
- if annual compound EPS growth over the Performance Period is equal to 8% but less than 12%, the proportion of performance shares vesting will be increased on a pro-rata basis between 50% and 100%; or
- if annual compound EPS growth over the Performance Period compared to the Base Year is equal to or greater than 12%, all of the performance shares awarded (and attaching to this hurdle) will vest with the executive.

If the EPS measure is not achieved within the initial performance measurement period to a threshold level or higher, there will be no entitlement to shares for a participant. If the EPS performance measure is achieved to a threshold level or higher in the initial period, it will not be retested.

TSR HURDLE

The TSR hurdle requires that the growth in the Company's TSR must be at or above the median of the Company's comparator group ("comparator group"). The comparator group is the S&P/ASX 200 (excluding mining stocks). Growth in TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, 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 Company 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 shares 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 shares 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 shares awarded (and attaching to this hurdle) will vest with the executive.

The TSR calculation, once completed, is independently reviewed. If the TSR measure is not achieved within the initial performance measurement period to a threshold level or higher, there will be no entitlement to shares for a participant. If the TSR performance measure is achieved to a threshold level or higher in the initial period, it will not be retested.

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

OPTIONS

Prior to 17 September 2004, the Company delivered LTI grants to executives in the form of options. The last issue of options was granted on 16 September 2004. The Management Share Option Plan has since been suspended and no further grants have been made since 2004.

The details of options granted, the value of options, vesting periods and lapsed options under the LTI Plan are outlined on page 44. There are no unissued ordinary shares of the Company under option at 30 June 2009. Refer to Note 29 of the Financial Report for further details of the options.

PERFORMANCE INDICES

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:

	2009 \$	2008 \$	2007 \$	2006 \$	2005 \$
Net profit before individually significant items, minority interest and income tax	94,144,000	77,738,000	81,914,000	73,693,000	64,949,000
Share price (year end)	4.30	4.87	6.45	4.87	4.30

EMPLOYMENT CONTRACTS

It is the Group's policy that employment contracts for the Managing Director and each senior executive (with the exception of KJ Kobishop) are unlimited in term. Mr Kobishop's employment contract is for a period of three years.

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 named executives are summarised in the table below:

EXECUTIVES	TERMINATION BY EXECUTIVE	TERMINATION BY COMPANY	EXPIRY DATE OF CONTRACT
DC Seargeant	The notice period is three months.	The notice period for the Company is one month. On termination, the Company may make a payment in lieu of notice, equal to the notice period.	Not applicable, rolling contracts.
NC Arundel GC Dean MR Duff HR Eberstaller PW Horton	The notice period is four weeks.	The Company 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 incentive (or pro-rata thereof) is at the discretion of the Board.	
KJ Kobishop	The notice period is the lesser of: • 12 months; or • the balance of the term of the employment contract.	The notice period for the Company is the lesser of: • 12 months; or • the balance of the term of the employment contract. The Company retains the right to terminate the contract immediately under certain conditions. On termination, the executive is entitled to accrued annual and reasonable relocation associated costs. There are no other termination payments. Payment of any LTI incentive (or pro-rata thereof) is at the discretion of the Board.	14 September 2011

KEY MANAGEMENT PERSONNEL

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

NAME	POSITION	PERIOD OF RESPONSIBILITY	EMPLOYING COMPANY
DIRECTORS			
Alan Rydge	Chairman and non-executive director	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Anthony Clark	Independent non-executive director	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Peter Coates	Independent non-executive director	Appointed 10 July 2009	Amalgamated Holdings Limited
Thomas Ford	Independent non-executive director	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Robert Graham	Independent non-executive director	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Meredith Hellicar	Independent non-executive director	1 July 2008 – 23 April 2009	Amalgamated Holdings Limited
Richard Newton	Independent non-executive director	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
EXECUTIVE DIRECTOR			
David Seargeant	Managing Director and Chief Executive Officer	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
EXECUTIVES			
Norman Arundel	Managing Director Rydges Hotels & Resorts	1 July 2008 – 30 June 2009	Rydges Hotels Limited
Gregory Dean	Company Secretary	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Mathew Duff	Director Commercial	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Hans Eberstaller	Managing Director AHL Strategic Investments	1 July 2008 – 30 June 2009	The Greater Union Organisation Pty Limited
Ross Entwistle	Managing Director AHL Entertainment	1 July 2008 – 7 February 2009	The Greater Union Organisation Pty Limited
Peter Horton	Director Finance & Accounting	1 July 2008 – 30 June 2009	Amalgamated Holdings Limited
Kevin Kobishop	Corporate Director of Food and Beverage	15 September 2008 – 30 June 2009	Amalgamated Holdings Limited

DIRECTORS' REPORT CONTINUED

DIRECTORS' AND EXECUTIVES' REMUNERATION

Details of the nature and amount of each major element of the remuneration of each director of the Company and each of the named executive officers of the Company and the Group receiving the highest remuneration are set out below. In accordance with the requirements of *AASB 124 Related Party Disclosures*, the remuneration tables are calculated on an accruals basis and 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 \$	Accrued annual leave \$	Insurance premiums (b) \$	Superannuation contributions \$	LTI equity (a) \$	Accrued long service leave \$	Retirement benefits (c) \$	Total \$	Proportion of remuneration performance related
DIRECTORS												
NON-EXECUTIVE												
AG Rydge	2009	221,255	—	—	—	—	13,745	—	—	—	235,000	—
	2008	206,871	—	—	—	—	13,129	—	—	—	220,000	—
AJ Clark	2009	108,810	—	—	—	—	9,190	—	—	—	118,000	—
	2008	101,835	—	—	—	—	9,165	—	—	—	111,000	—
TC Ford	2009	90,000	—	—	—	—	—	—	—	—	90,000	—
	2008	77,982	—	—	—	—	7,018	—	—	—	85,000	—
RM Graham	2009	104,000	—	—	—	—	—	—	—	—	104,000	—
	2008	98,000	—	—	—	—	—	—	—	—	98,000	—
M Hellicar ^(d)	2009	70,050	—	—	—	—	4,950	—	—	—	75,000	—
	2008	77,982	—	—	—	—	7,018	—	—	—	85,000	—
RG Newton ^(e)	2009	82,569	—	—	—	—	7,431	—	—	—	90,000	—
	2008	25,994	—	—	—	—	2,339	—	—	—	28,333	—
JA O'Neill ^(f)	2009	—	—	—	—	—	—	—	—	—	—	—
	2008	22,039	—	—	—	—	1,983	—	—	—	24,022	—
EXECUTIVE												
DC Seargeant	2009	1,141,255	1,732,500	—	168,303	10,561	13,745	486,462	314,407	—	3,867,233	57.4%
	2008	1,036,871	975,000	—	10,648	10,032	13,129	283,320	37,432	—	2,366,432	53.2%

		Short term					Post-employment	Share-based	Other long term	Other		
		Fixed annual remuneration and fees \$	STI bonuses \$	Non-cash benefits \$	Accrued annual leave \$	Insurance premiums (b) \$	Superannuation contributions \$	LTI equity (a) \$	Accrued long service leave \$	Termination benefits (c) \$	Total \$	Proportion of remuneration performance related
EXECUTIVES – THE COMPANY												
GC Dean	2009	241,255	62,651	–	7,650	1,105	13,745	41,493	5,938	–	373,837	27.9%
	2008	221,871	75,895	–	(6,255)	617	13,129	21,981	8,682	–	335,920	29.1%
MR Duff	2009	383,255	56,550	–	7,092	2,210	13,745	67,045	7,370	–	537,267	23.0%
	2008	363,871	124,950	–	7,799	857	13,129	36,136	11,107	–	557,849	28.9%
PW Horton	2009	354,338	81,620	–	(2)	2,210	13,745	66,072	2,489	–	520,472	28.4%
	2008	357,871	124,950	–	881	4,838	13,129	35,970	8,205	–	545,844	29.5%
KJ Kobishop (g)	2009	334,872	–	19,286	15,028	697	–	55,888	–	–	425,771	13.1%
	2008	–	–	–	–	–	–	–	–	–	–	–
EXECUTIVES – THE GROUP												
NC Arundel	2009	391,255	96,289	–	1,325	884	13,745	54,814	8,332	–	566,644	26.7%
	2008	371,871	14,583	–	14,324	740	13,129	23,226	10,885	–	448,758	8.4%
HR Eberstaller	2009	154,568	51,995	–	34,068	1,105	11,432	22,292	4,091	–	279,551	26.6%
	2008	143,119	182,502	–	(2,474)	925	12,881	14,827	4,446	–	356,226	55.4%
RD Entwistle (h)	2009	338,757	59,952	–	4,645	537	8,869	42,499	(15,375)	123,750	563,634	18.2%
	2008	466,871	57,011	–	16,638	407	13,129	46,909	15,375	–	616,340	16.9%

(a) Amounts disclosed above for remuneration relating to performance shares have been determined in accordance with the requirements of accounting standard AASB 2 *Share-based Payment*. AASB 2 requires the measurement of the fair value of performance shares at the grant date and then to have that value apportioned in equal amounts over the period from grant date to vesting date. A value has been placed on the performance shares using a Monte Carlo simulation model. Details of performance shares on issue are set out within the Remuneration Report and further details on the terms and conditions of these performance shares are set out in Note 29 to the Financial Report.

(b) Amounts disclosed 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 this report. The amounts disclosed in the table above relate to premiums paid by the Company for group salary continuance insurance.

(c) There were no amounts accrued during the year relating to the Directors' Retirement Plan. Further information regarding the Directors' Retirement Plan has been included within the Remuneration Report.

(d) M Hellicar resigned 23 April 2009.

(e) RG Newton was appointed on 29 February 2008.

(f) JA O'Neill resigned 11 October 2007.

(g) KJ Kobishop commenced employment with the Group on 15 September 2008. KJ Kobishop is a citizen of the United States of America and is a 457 visa holder, and his employment arrangements have satisfied certain exemption conditions as set out by the Australian Taxation Office. As a result, the Company does not have any superannuation obligations in relation to the employment of KJ Kobishop.

(h) RD Entwistle ceased employment with the Group on 7 February 2009.

DIRECTORS' REPORT CONTINUED

ANALYSIS OF STI BONUSES INCLUDED IN REMUNERATION

The bonus table below is calculated on an accruals basis and 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 executive officers of the Company and the Group are detailed below:

	Included in remuneration ^(a) \$	Awarded in year %	Not awarded in year ^(b) %
MANAGING DIRECTOR			
DC Seargeant ^(c)	1,732,500	55%	45%
EXECUTIVES			
NC Arundel	96,289	50%	50%
GC Dean	62,651	67%	33%
MR Duff	56,550	37%	63%
HR Eberstaller	51,995	67%	33%
RD Entwistle ^(d)	59,952	25%	75%
PW Horton	81,620	55%	45%
KJ Kobishop ^(e)	—	—%	—%

(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 2008 year. No amounts vest in future years in respect of the short term incentive bonus schemes for the 2009 year.

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

(c) The STI bonus includes a total of \$1,155,000 awarded as additional bonus payments for exceptional performance recognised during the year.

(d) RD Entwistle ceased employment with the Group on 7 February 2009.

(e) KJ Kobishop commenced employment with the Group on 15 September 2008.

ANALYSIS OF LTI PERFORMANCE SHARES GRANTED AS REMUNERATION

Vesting profile of the performance shares granted as remuneration to the Managing Director and named executives are detailed 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	140,000	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80
	100,000	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	100,000	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
EXECUTIVES							
NC Arundel	23,491	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80
	14,739	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	5,972	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
GC Dean	14,791	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80
	8,996	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	7,337	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
MR Duff	23,027	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80
	14,433	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	12,183	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
HR Eberstaller	—	23 Feb 2009	—	—	—	—	—
	5,972	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	4,982	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
RD Entwistle ^(b)	18,376	18 Feb 2008	—	100%	30 Jun 2011	6.02	4.31
	15,938	19 Feb 2007	—	100%	30 Jun 2010	6.39	4.63
PW Horton	22,099	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80
	14,203	18 Feb 2008	—	—	30 Jun 2011	6.02	4.31
	12,183	19 Feb 2007	—	—	30 Jun 2010	6.39	4.63
KJ Kobishop ^(c)	100,000	23 Feb 2009	—	—	30 Jun 2012	4.34	3.80

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

(b) RD Entwistle ceased employment with the Group on 7 February 2009. Mr Entwistle's performance shares have been forfeited in accordance with the service provisions.

(c) KJ Kobishop commenced employment with the Group on 15 September 2008.

DIRECTORS' REPORT CONTINUED

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 ^(b) \$	Forfeited during the year \$	Performance shares exercised Number	Amount paid per share \$
MANAGING DIRECTOR DC Seargeant	569,800	—	—	—	—
EXECUTIVES					
NC Arundel	95,609	—	—	—	—
GC Dean	60,200	—	—	—	—
MR Duff	93,720	—	—	—	—
HR Eberstaller	—	—	—	—	—
RD Entwistle	—	—	182,730	—	—
PW Horton	89,943	—	—	—	—
KJ Kobishop	407,000	—	—	—	—

(a) The value of performance shares granted in the year is the fair value of the performance shares calculated at grant date using a Monte Carlo simulation model. The total value of the performance shares granted is included in the table above. This amount is allocated to remuneration over the vesting period.

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

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

ANALYSIS OF LTI OPTIONS GRANTED AS REMUNERATION

No options granted as remuneration to the Managing Director and named executives vested during the year. All outstanding options vested in previous financial years. There are no options yet to vest as at 30 June 2009.

ANALYSIS OF MOVEMENTS IN OPTIONS

The movement during the year by value, of options over ordinary 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 ^(b) \$	Forfeited during the year \$	Options exercised Number	Average amount paid per share \$
MANAGING DIRECTOR DC Seargeant	—	632,500	—	500,000	3.535
EXECUTIVES					
NC Arundel	—	—	—	—	—
GC Dean	—	49,800	—	30,000	3.140
MR Duff	—	—	—	—	—
HR Eberstaller	—	—	—	—	—
RD Entwistle	—	—	—	—	—
PW Horton	—	74,250	—	45,000	3.350
KJ Kobishop	—	—	—	—	—

(a) The value of options granted in the year is the fair value of the options calculated at grant date using a binomial option pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(b) The value of options exercised during the year is calculated as the market price of shares of the Company on the ASX as at close of trading on the date that the options were exercised after deducting the price paid to exercise the option.

There were no amounts unpaid on the shares issued as a result of the exercise of options. No options have been granted since 16 September 2004. There were no options granted since the end of the year.

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 2009 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



David Rogers
Partner

20 August 2009

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from sale of goods	3	194,244	161,581	—	—
Revenue from rendering of services	3	475,616	409,287	—	—
Finance revenue	3	1,440	3,354	6,470	27,896
Rental revenue	3	21,993	22,268	—	—
Dividends	3	453	455	53,435	45,409
Management and other fees	3	17,667	19,697	11,299	9,631
Sundry revenue	3	646	891	49	144
Other income	3	252	1,495	—	—
Advertising, commissions and marketing expenses		(18,666)	(18,706)	—	—
Depreciation and amortisation	4(a)	(30,632)	(28,618)	(96)	(104)
Employee expenses	4(a)	(166,997)	(150,484)	(10,198)	(8,330)
Film hire and other film expenses		(147,139)	(119,364)	—	—
Finance costs — interest and borrowing expenses	4(a)	(5,112)	(5,353)	(2)	(18,495)
Occupancy expenses		(186,080)	(160,236)	—	—
Impairment of assets	4(a)	(5,811)	(1,156)	—	—
Fair value decrement on investment properties	18	(1,030)	(1,400)	—	—
Purchases and other direct expenses		(68,696)	(51,198)	—	—
Other expenses		(35,783)	(38,032)	(1,480)	(3,125)
Share of net profit accounted for using the equity method:					
Associates	35	11,196	14,871	—	—
Jointly controlled entities	36	30,993	24,559	—	—
Profit before tax from continuing operations	4	88,554	83,911	59,477	53,026
Income tax expense	7	(22,932)	(20,754)	(981)	(104)
Profit after tax from continuing operations		65,622	63,157	58,496	52,922
Discontinued operations					
Profit/(loss) after tax from discontinued operations	5	3,855	36,358	1,466	(10,900)
Profit		69,477	99,515	59,962	42,022
Attributable to:					
Members of the Company		69,483	99,369	59,962	42,022
Minority interest		(6)	146	—	—
Profit		69,477	99,515	59,962	42,022
		2009 Cents	2008 Cents		
Earnings per share for profit attributable to members of the Company (cents per share)					
Basic from continuing operations		50.5	49.0		
Basic from discontinued operations		3.0	28.3		
Basic for the year — total		53.5	77.3		
Diluted from continuing operations		50.5	48.9		
Diluted from discontinued operations		3.0	28.2		
Diluted for the year — total		53.5	77.1		

The Income Statements are to be read in conjunction with the notes to the financial statements on pages 50 to 107.

BALANCE SHEETS

AS AT 30 JUNE 2009

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	23,227	28,472	1,186	176
Receivables	11	38,370	34,354	23	357
Inventories	12	13,776	11,940	—	—
Other	13	4,974	4,672	168	68
Total current assets		80,347	79,438	1,377	601
NON-CURRENT ASSETS					
Receivables	11	516	653	188,719	192,074
Other financial assets	14	312	502	37,189	38,689
Available-for-sale financial assets	15	9,362	10,610	9,362	10,610
Investments accounted for using the equity method	16	117,750	118,678	—	—
Property, plant and equipment	17	561,751	482,757	77	94
Investment properties	18	29,600	28,500	—	—
Goodwill and other intangible assets	19	14,856	14,849	38	57
Deferred tax assets	7(c)	14,726	9,670	—	—
Other	20	9,258	6,877	—	—
Total non-current assets		758,131	673,096	235,385	241,524
Total assets		838,478	752,534	236,762	242,125
LIABILITIES					
CURRENT LIABILITIES					
Payables	21	77,316	67,895	1,165	766
Interest bearing liabilities and borrowings	22	6,714	12,196	—	—
Current tax liabilities	7(b)	11,906	25,352	9,635	24,416
Provisions	24	12,689	12,250	2,262	1,581
Deferred revenue	1(t)	30,201	26,032	—	—
Other	25	8,473	13	—	—
Total current liabilities		147,299	143,738	13,062	26,763
NON-CURRENT LIABILITIES					
Payables	21	2	2	—	—
Interest bearing liabilities and borrowings	22	73,252	24,892	—	14,153
Deferred tax liabilities	7(c)	5,919	7,562	179	1,997
Provisions	24	9,578	9,258	175	170
Deferred revenue	1(t)	2,503	2,041	—	—
Other	25	840	—	—	—
Total non-current liabilities		92,094	43,755	354	16,320
Total liabilities		239,393	187,493	13,416	43,083
Net assets		599,085	565,041	223,346	199,042
EQUITY					
Share capital	26	101,353	98,809	101,353	98,809
Reserves	27	6,167	5,177	11,179	10,483
Retained earnings	27	491,475	460,832	110,814	89,750
Total equity attributable to members of the Parent Entity		598,995	564,818	223,346	199,042
Minority interest		90	223	—	—
Total equity		599,085	565,041	223,346	199,042

The Balance Sheets are to be read in conjunction with the notes to the financial statements set out on pages 50 to 107.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Note	The Group		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		565,041	507,559	199,042	193,093
Change in fair value of available-for-sale financial assets, net of tax	27	(873)	(2,157)	(873)	(2,157)
Change in the fair value of cash flow hedges, net of tax	27	(1,853)	(1,208)	–	–
Share of increment/(decrement) on foreign currency translation reserve of associates' net assets	27	2,228	(1,788)	–	–
Transfer on classification of property to investment properties	27	267	–	–	–
Exchange differences on translation of foreign operations, net of tax	27	(290)	(2,916)	–	–
Net present value adjustment of employee share loans	27	35	6	35	6
Employee share-based payments expense, net of tax	27	1,367	1,487	679	1,053
Net income/(expense) recognised directly in equity		881	(6,576)	(159)	(1,098)
Profit for the year		69,477	99,515	59,962	42,022
Total recognised income for the year		70,358	92,939	59,803	40,924
Employee share-based payments expense – related entity employees	27	166	76	855	509
Dividends paid to minority interest in subsidiaries		(126)	(49)	–	–
Transactions with equity holders in their capacity as equity holders:					
Shares issued under the Management Share Options Plan	26	2,544	1,779	2,544	1,779
Dividends paid	8	(38,898)	(37,263)	(38,898)	(37,263)
		(36,354)	(35,484)	(36,354)	(35,484)
Total equity at the end of the financial year		599,085	565,041	223,346	199,042
Attributable to:					
Members of the Company		598,995	564,818	223,346	199,042
Minority interest		90	223	–	–
		599,085	565,041	223,346	199,042

The Statements of Changes in Equity are to be read in conjunction with the notes to the financial statements on pages 50 to 107.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

		The Group		Company		
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts in the course of operations		720,628	622,953	—	—	
Cash payments in the course of operations		(662,299)	(590,171)	(9,092)	(9,548)	
Cash generated/(used) from operations		58,329	32,782	(9,092)	(9,548)	
Dividends received		453	455	428	1,402	
Interest received		1,455	3,487	—	—	
Distributions from associates and jointly controlled entities		43,940	47,430	—	—	
Other revenue		40,556	43,107	299	394	
Finance costs paid		(4,876)	(4,164)	—	—	
Income tax refunds		666	—	655	—	
Income taxes paid		(38,532)	(20,095)	(36,653)	(18,851)	
Net cash provided/(used) by operating activities		39	101,991	103,002	(44,363)	(26,603)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of investments		1,500	95,000	1,500	—	
Proceeds from disposal of non-current assets		79	53	—	—	
Payments for property, plant and equipment		(113,968)	(35,308)	(60)	(49)	
Payments for increase in investments in associates and jointly controlled entities		(196)	(157)	—	—	
Decrease/(increase) in loans to other entities		117	(666)	—	—	
Decrease in loans from other entities		(1,598)	—	—	—	
Decrease in loans to associates and jointly controlled entities		1,692	725	—	—	
Purchase of management rights		(615)	—	—	—	
Net cash provided/(used) by investing activities		(112,989)	59,647	1,440	(49)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		90,251	108,334	—	—	
Repayment of borrowings		(48,345)	(229,290)	—	—	
Dividends paid		(38,898)	(37,263)	(38,898)	(37,263)	
Dividends paid to minority interest in subsidiaries		(126)	(49)	—	—	
Proceeds from the exercise of employee share options		2,544	1,779	2,544	1,779	
Decrease in intercompany receivables		—	—	80,287	62,126	
Net cash (used)/provided by financing activities		5,426	(156,489)	43,933	26,642	
Net (decrease)/increase in cash and cash equivalents		(5,572)	6,160	1,010	(10)	
Cash and cash equivalents at the beginning of the year		28,472	21,800	176	186	
Effect of exchange rate fluctuations on cash held		327	512	—	—	
Cash and cash equivalents at the end of the year		10	23,227	28,472	1,186	176

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 50 to 107.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Amalgamated Holdings Limited ("Company") is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2009 comprises the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Amalgamated Holdings Limited is a 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.

The financial report was authorised by the Board of Amalgamated Holdings Limited for issuance on 20 August 2009.

(a) 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.

(b) BASIS OF PREPARATION

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

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as available-for-sale, 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 preparation of a financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 Note 1(z).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The accounting policies have been applied consistently by all entities in the Group.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006) 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.

The Company and Group have elected to early adopt the following accounting standard amendment:

- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Certain comparative amounts have been reclassified to conform with the current year's presentation. In addition, the comparative income statement has been represented as if an operation discontinued during the current period had been discontinued from the start of the comparative period (see Note 5).

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They were available for early adoption at 30 June 2009, but have not been applied by the Group in preparing these financial statements:

- AASB 8 *Operating Segments* ("AASB 8") which will become mandatory for the Group's 30 June 2010 financial statements, requires the presentation of segment information to be based on business unit dissections regularly used by management in assessing the performance of each segment. The Group currently presents segment information in respect of its business and geographical segments. It is anticipated that, on adoption of this new standard AASB 8, the Group will present additional geographic dissection of business units currently under the Cinema Exhibition International segment;
- Revised AASB 101 *Presentation of Financial Statements* ("AASB 101") introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The revised AASB 101 will impact the format and presentation of statements within the financial report;
- Revised AASB 3 *Business Combinations* ("AASB 3") changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. The definition of a business has been broadened and is likely to result in more acquisitions being treated as business combinations. Transaction costs relating to a business combination will be expensed as incurred. Contingent consideration will be measured at fair value, with subsequent changes therein recognised in the Income Statement. Revised AASB 127 *Consolidated and Separate Financial Statements* ("AASB 127") changes the accounting for investments in subsidiaries where there is a change in ownership interests by the Group. The revised AASB 3 and AASB 127 will become mandatory for the Group's 30 June 2010 financial statements. It is not expected that the adoption of these revised standards would have a material impact on the Group's financial report in the period of initial application;

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) BASIS OF PREPARATION (CONTINUED)

- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial report. It is presently considered that these amendments will not have a material effect on the Group's future financial reports;
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvement Process – AASB 140 Investment Property* – Amendments made to AASB 140 relate to property under construction or development for future use as an investment property. Amendments require that, where the fair value option has been taken to measure investment property, an investment property under construction or development should also be measured at fair value (unless a fair value cannot be reliably determined), with changes in fair value being recognised in the Income Statement. These amendments are to be applied prospectively and will first apply to the Group's 30 June 2010 financial reports. These amendments will change the timing of the recognition of any fair value adjustments in respect of investment properties under development; and
- *Improvement to International Financial Reporting Standards 2009* incorporates a number of amendments to Accounting Standards. One amendment that may impact on the Group is as follows:
 - *IAS 17 Leases* ("IAS 17"). Under the amendment to IAS 17, a long term land lease may have to be classified as a finance lease, even if title to the land is not going to pass to the lessee at the end of the lease. This change will impact on the accounting treatment for certain leased properties within the Group. The impact of this amendment on the Group's future financial reports, has not yet been determined.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and Group as at 30 June each year end.

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition, less any impairment losses recognised, in the Company's financial statements.

(ii) ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (EQUITY ACCOUNTED INVESTEEES)

Associates are those entities for which the Group has significant influence, but not 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. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly controlled entities on an equity accounted basis, from the date that significant influence commences or joint control commences until the date that significant influence or joint control ceases. The Group's share of movements in reserves is recognised directly in consolidated reserves. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of the investee.

In the Company's financial statements, investments in associates are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Where necessary, the cost is adjusted for any subsequent impairment.

The Group's share of jointly controlled entities' net profit or loss is recognised in the consolidated Income Statement from the date joint control commenced until the date joint control ceases. The Group's share of movements in reserves is recognised directly in consolidated reserves.

(iii) TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities 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.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates or jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is sold.

(d) FOREIGN CURRENCY

(i) 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 balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) FOREIGN CURRENCY (CONTINUED)

(ii) FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues 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 the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the reserve is transferred to profit or loss.

(iii) 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 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 or likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(e) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing activities and investing 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. 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 (refer Note 1(f)).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet 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 balance sheet date, being the present value of the quoted forward price.

(f) HEDGING

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

(i) CASH FLOW HEDGES

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity in the hedging reserve. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised).

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement.

(ii) HEDGE OF NET INVESTMENT IN FOREIGN OPERATION

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 directly in equity. The ineffective portion is recognised immediately in the Income Statement.

(g) PROPERTY, PLANT AND EQUIPMENT

(i) OWNED ASSETS

Items of property, plant and equipment (except for investment properties – refer Note 1(g)(iii)) are stated at cost or deemed cost, less accumulated depreciation and impairment losses.

The cost of assets represents the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition and also includes:

- the initial estimate of the cost at the time of installation and during the period of use, when relevant and probable, of removing items and restoring the site on which they are located ("decommissioning"); and
- changes in the measurement of existing liabilities recognised for decommissioning costs resulting from changes in the discount rate applied to these future liabilities or changes to estimates of cost.

The cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) OWNED ASSETS (CONTINUED)

The borrowing cost related to the acquisition or construction of qualifying assets is capitalised into the cost of the asset.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Group if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to AASBs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items or property, plant and equipment.

(ii) INVESTMENT PROPERTIES

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. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the Income Statement. When a property is reclassified from owner-occupied to an investment property following a change in its use, 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 a gain. Any decrease in value is recognised in the Income Statement.

Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

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 the derecognition of an investment property are recognised in the Income Statement in the period of derecognition.

(iii) LEASED ASSETS

Leases for property, plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are depreciated on a straight-line basis over the term of the relevant lease, or where it is likely the Group will obtain ownership of the asset, the life of the asset. They are stated in the Balance Sheet at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the Income Statement.

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.

(iv) SUBSEQUENT COSTS

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense.

(v) DEPRECIATION

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Buildings	40 – 80 years
Plant and equipment	3 – 20 years
Fixtures and fittings	3 – 10 years
Leasehold buildings and improvements	Shorter of estimated useful life and term of lease

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation rates are reviewed annually for appropriateness. The residual value, if not insignificant, is also reassessed annually. When changes are made, adjustments are reflected prospectively in current and future periods only.

(h) INTANGIBLE ASSETS

(i) GOODWILL

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

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

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the business combination's synergies.

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 is included in the carrying amount of the investment in the associate.

(ii) 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 amortised 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) INTANGIBLE ASSETS (CONTINUED)

(iii) OTHER INTANGIBLE ASSETS

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

Management rights are amortised over the life of the management agreements on a straight-line basis.

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

(i) RECOVERABLE AMOUNT OF ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of assets is the greater of their net selling price and 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. 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.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the Income Statement 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 through the Income Statement.

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.

With the exception of goodwill, an impairment loss is reversed when there is a clear indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

(j) INVESTMENTS

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 on the balance sheet date.

Gains or losses on available-for-sale investments are recognised as a separate component of equity in the available-for-sale investments 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 the Income Statement. An impairment loss recognised in the Income Statement in respect of an available-for-sale investment is not reversed through the Income Statement.

(k) INVENTORIES

Inventories are carried 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. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

(l) CONTRACT WORK IN PROGRESS

For short term contracts, profit is brought to account on completion of each job. For long term contracts, profit recognition commences on 50% completion of each job and is recognised on a percentage completion basis.

(m) 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.

(n) RECEIVABLES

Trade and other receivables are stated at their amortised cost less an allowance for impairment losses. 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.

(o) PAYABLES

Trade and other payables are recognised at their amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally non-interest bearing and settled within 30 days.

(p) 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 the Income Statement over the period of the borrowings on an effective interest basis.

(q) PROVISIONS

(i) EMPLOYEE BENEFITS

Provision is made for employee benefits including annual leave for employees and the retirement benefits for qualifying non-executive directors. The provision represents the amount which the Group has a present obligation to pay resulting from the employees' services provided up to the reporting date. The provisions expected 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 expected 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(q) PROVISIONS (CONTINUED)

(i) EMPLOYEE BENEFITS (CONTINUED)

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.

(ii) ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under that contract, and only after any impairment losses to assets dedicated to that contract have been recognised.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to the risks of the activities relating to the contract. The net estimated cash flows are discounted using market yields on national government guaranteed bonds with terms to maturity that match, as closely as possible, the expected future cash flows.

(iii) 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 an interest expense. 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.

(iv) OTHER

Other provisions are recognised in the Balance Sheet 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.

(r) SUPERANNUATION PLANS

The Company and controlled entities contribute to several defined contribution superannuation plans. Contributions are charged against income as they are made. These contributions are in accordance with the relevant trust deeds and the Superannuation Guarantee Levy.

(s) SHARE-BASED PAYMENT TRANSACTIONS – EMPLOYEE SHARE AND OPTION PLANS

(i) EXECUTIVE PERFORMANCE SHARE PLAN

Equity-based compensation benefits are provided to employees via the Executive Performance Share Plan.

The fair value of performance shares granted under the Executive Performance Share 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 granted is measured at grant date. The fair value of the shares was determined using the Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were granted.

To facilitate the operation of the Executive Performance Share Plan, a third party trustee is used to administer the trust which hold shares allocated under the Executive Performance Share Plan.

Performance shares are subject to performance hurdles. The performance shares are recognised in the Balance Sheet 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.

The Company 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.

For employee performance shares issued by the Company to employees of subsidiaries, the amount recognised as an employee expense by the Group in respect of those shares is charged to and recovered from subsidiaries by the Company.

(ii) MANAGEMENT SHARE OPTION PLAN

The Management Share Option Plan allowed Group employees to acquire shares of the Company. No new options have been issued under this plan since September 2004. The last options to be issued under the plan expired on 30 September 2008. The fair value of options granted was recognised as an employee expense with a corresponding increase in equity reserves. The fair value was measured at grant date and is spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted was measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense was adjusted to reflect the actual number of options that are expected to vest, except where forfeiture was only due to share prices not achieving the threshold for vesting.

(iii) EMPLOYEE SHARE PLAN

The Company 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.

(t) REVENUE RECOGNITION

Revenues are recognised at fair value of the consideration received, net of the amount of goods and services tax ("GST").

(i) SALE OF GOODS

Revenue from the sale of goods comprises revenue earned (net of returns, discounts, allowances and GST) from the provision of products to entities outside the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of goods pass to the customer.

(ii) RENDERING OF SERVICES AND DEFERRED REVENUE

Revenue from rendering services is recognised in the period in which the service is provided. Revenue relating to future periods which is not yet recognised because the service is yet to be provided or the admission made, is shown on the Balance Sheet as deferred revenue.

(iii) FINANCE REVENUE

Finance revenue includes interest and dividend income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. Dividend income is recognised on the date that the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(t) REVENUE RECOGNITION (CONTINUED)

(iv) RENTAL INCOME

Rental income is recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) SALE OF NON-CURRENT ASSETS

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(vi) CUSTOMER LOYALTY PROGRAM

A group entity operates loyalty program where customers accumulate points for purchases made which entitles them to discounts on future purchases. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the components of the sale, such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of the revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(u) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

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

(v) FINANCE COSTS

Finance costs include interest, amortisation 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. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate applicable to the entity's borrowings during the period.

(w) TAXATION

(i) INCOME TAX

Income tax on the Income Statement for the periods presented comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) TAX CONSOLIDATION REGIME

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries. The head entity recognises all of the current tax liabilities of the tax-consolidated group.

The tax-consolidated group has entered into a tax funding agreement that requires Australian wholly-owned subsidiaries to make contributions to the head entity for current tax liabilities arising from external transactions occurring after the implementation of tax consolidation.

Under the tax funding agreement, the contributions are calculated using a "group allocation method" so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recovery are recognised by the Company only.

(x) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services ("business segment"), or in providing products or services within a particular economic environment ("geographical segment"), which is subject to risks and rewards that are different from those of other segments.

(y) 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. Dilutive potential ordinary shares comprise share options granted to employees.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(z) ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

RECOVERABLE VALUE OF ASSETS

The Group has undertaken assessments of whether long-lived assets including property assets, goodwill and plant and equipment could be deemed to be impaired. In assessing the recoverability of these assets, assumptions are made regarding the estimated future cash flows and other factors, including the pre-tax discount rate to be applied, to determine the fair value of the respective assets. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance. Estimates of discounted cash flow may differ from actual cash flow due to factors such as economic conditions, changes to business models or changes in operating performance. If the sum of the discounted estimated cash flows is less than the current carrying value, an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset, is recognised.

The Group has also previously recognised impairment write-downs for plant and equipment at a number of cinema sites. Where trading circumstances improve at a site, an assessment of recoverable value is made to determine if an impairment loss can be reversed, net of depreciation that would have been incurred had no impairment loss been recognised. These determinations also require estimates and assumptions with regard to the future trading performance of those cinema sites.

Refer Note 17 for details of impairment losses recognised and prior period impairments written back.

CONTINGENT ASSETS AND LIABILITIES

Also refer to Note 31 for estimates and judgement made in relation to contingent assets and liabilities.

CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES – INVESTMENT PROPERTIES

In the year to 30 June 2006, the Group acquired two properties, in Market and George Streets, Sydney which adjoin the State Theatre Building and have a combined book written-down value of \$77,507,000 at 30 June 2009 (2008: \$81,522,000). The Group receives rental income in respect of both properties acquired. Pending completion of planning for the long term use of these combined properties, including the State Theatre property, these properties have not been classified as investment properties. These properties have been accounted for using the cost basis rather than the fair value basis which is applied for investment properties.

Investment properties are carried at their fair value, which is determined by an independent valuer at six monthly intervals. Refer Note 18.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of the Executive Performance Share Plan by reference to the fair value of the equity instrument 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 using the assumptions detailed in Note 29.

(aa) 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 is restated as if the operation had been discontinued from the start of the comparative period.

NOTE 2 – SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

Inter-segment pricing is 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 income earning assets and revenue, interest bearing loans and borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

BUSINESS SEGMENTS

The Group comprises the following main business segments, based on the Group's management reporting system and the differing risks and rewards associated with each business.

CINEMA EXHIBITION DOMESTIC

Includes the Australian cinema exhibition operations.

CINEMA EXHIBITION INTERNATIONAL

Includes the International cinema exhibition operations in Germany and the United Arab Emirates. The Group's interest in a cinema site in The Netherlands was sold effective 20 February 2008.

ENTERTAINMENT TECHNOLOGY

Includes theatre equipment supply and servicing and the manufacture of film processors and related equipment and the Group's investment in the Atlab group, which was sold on 26 September 2008.

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.

STRATEGIC INVESTMENTS

In the prior year, this segment included the Group's 50% interest in Roadshow Distributors Pty Limited to the date of sale of that interest being 15 August 2007, refer Discontinued Operations – Note 5.

PROPERTY AND OTHER INVESTMENTS

Includes property rental, investment properties and available-for-sale investments.

GEOGRAPHICAL SEGMENTS

In presenting information on the basis of geographical segments, segment 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 and New Zealand, Europe and the United Arab Emirates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Less: Discontinued operations*	Consolidated continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2009											
BUSINESS SEGMENTS											
Revenue and other income											
External segment revenue	127,940	353,310	22,640	132,876	52,712	10,948	—	9,651	710,077	—	710,077
Other income	—	240	—	31	6	—	—	428	705	—	705
Finance income									1,440	—	1,440
Other unallocated revenue									339	(250)	89
Total revenue and other income									712,561	(250)	712,311
Result											
Segment result	14,210	9,796	(768)	21,398	16,012	1,574	—	243	62,465	—	62,465
Share of net profit and profit on sale of equity accounted business undertakings	28,773	^(a) 13,305	7	104	—	—	—	—	42,189	—	42,189
	42,983	23,101	(761)	21,502	16,012	1,574	—	243	104,654	—	104,654
Unallocated revenue and expenses									(12,178)	(250)	(12,428)
Net finance costs									(3,672)	—	(3,672)
Profit before related income tax expense									88,804	(250)	88,554
Income tax expense									(19,327)	(3,605)	(22,932)
Profit after income tax expense									69,477	(3,855)	65,622
Minority interest									6	—	6
Net profit									69,483	(3,855)	65,628
Depreciation and amortisation	(6,139)	(9,496)	(190)	(7,867)	(3,552)	(423)	—	(2,965)	(30,632)	—	(30,632)
Impairment write-downs	—	(281)	—	(3,218)	—	—	—	(2,312)	(5,811)	—	(5,811)
Impairment write-back	—	240	—	—	—	—	—	—	240	—	240

(a) Included in the share of net profit from equity accounted business undertakings is the profit share of \$11,085,000 from MAF Greater Union LLC which operates in the United Arab Emirates. The balance of the share of net profit, amounting to \$2,220,000, is from jointly controlled entities operating in Germany. Refer Notes 35 and 36.

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Less: Discontinued operations*	Consolidated continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2009											
INDIVIDUALLY SIGNIFICANT ITEMS											
Impairment write-downs											
Impairment write-down in carrying value of land and buildings	–	–	–	(3,028)	–	–	–	(2,312)	(5,340)	–	(5,340)
	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Consolidated continuing operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2009											
Assets											
Segment assets	91,656	85,708	16,336	298,201	46,093	7,174	–	144,583	689,751	689,751	
Equity accounted investments	98,347	17,311	154	1,938	–	–	–	–	117,750	117,750	
Unallocated corporate assets									30,977	30,977	
Consolidated total assets									838,478	838,478	
Liabilities											
Segment liabilities	43,557	58,910	10,571	19,088	8,065	589	–	–	140,780	140,780	
Unallocated corporate liabilities									98,613	98,613	
Consolidated total liabilities									239,393	239,393	
Acquisitions of non-current assets	11,920	2,568	219	86,414	2,620	–	–	11,666	115,407	115,407	
Secondary reporting – geographical segments				Australia and NZ \$'000		Europe \$'000		Other \$'000		Consolidated \$'000	
External segment revenue				356,767		353,310		–		710,077	
Segment assets by location of assets				735,461		88,805		14,212		838,478	
Acquisitions of non-current assets				112,839		2,568		–		115,407	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Less: Discontinued operations*	Consolidated continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2008											
BUSINESS SEGMENTS											
Revenue and other income											
External segment revenue	116,014	287,179	16,668	123,423	51,774	8,282	64,381	10,240	677,961	(64,381)	613,580
Other income	–	1,481	5	54	8	–	–	402	1,950	–	1,950
Finance income									3,354	–	3,354
Other unallocated revenue									644	(500)	144
Total revenue and other income									683,909	(64,881)	619,028
Result											
Segment result	10,960	(781)	(69)	30,871	14,938	974	–	3,146	60,039	–	60,039
Share of net profit or loss on sale of equity accounted business undertakings	23,333	^(a) 16,035	(4,012)	(10)	–	–	66,496	–	101,842	(62,412)	39,430
	34,293	15,254	(4,081)	30,861	14,938	974	66,496	3,146	161,881	(62,412)	99,469
Unallocated revenue and expenses									(13,059)	(500)	(13,559)
Net finance costs									(1,999)	–	(1,999)
Profit before related income tax expense									146,823	(62,912)	83,911
Income tax expense									(47,308)	26,554	(20,754)
Profit after income tax expense									99,515	(36,358)	63,157
Minority interest									(146)	–	(146)
Net profit									99,369	(36,358)	63,011
Depreciation and amortisation	(6,121)	(8,105)	(71)	(6,494)	(4,440)	(425)	–	(2,962)	(28,618)	–	(28,618)
Impairment write-downs	–	(1,156)	–	–	–	–	–	–	(1,156)	–	(1,156)
Impairment write-back	–	1,481	–	–	–	–	–	–	1,481	–	1,481

(a) Included in the share of net profit from equity accounted business undertakings is the profit share of \$7,683,000 from MAF Greater Union LLC which operates in the United Arab Emirates. The balance of the net profit is from jointly controlled entities in Germany (profit of \$1,226,000) and from a former associate entity, Greater Union Kieft BV, which operated in the Netherlands (profit of \$7,126,000). Refer Notes 35 and 36.

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Less: Discontinued operations*	Consolidated continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2008											
INDIVIDUALLY SIGNIFICANT ITEMS											
Other income											
Profit on sale of equity accounted investment (Roadshow Distributors Pty Limited)	–	–	–	–	–	–	64,381	–	64,381	(64,381)	–
Write-back in provision for onerous contracts relating to lease for closed cinema sites	–	2,266	–	–	–	–	–	–	2,266	–	2,266
Individually significant items in equity accounted results											
Profit on sale of equity accounted 33.3% interest in a cinema site in The Netherlands	–	6,691	–	–	–	–	–	–	6,691	–	6,691
Impairment write-down in the equity accounted carrying value of Atlab Holdings Pty Limited	–	–	(4,253)	–	–	–	–	–	(4,253)	4,253	–
	–	8,957	(4,253)	–	–	–	64,381	–	69,085	(60,128)	8,957

* Discontinued operations (refer Note 5) arise from the sale of the Group's interest in two associate entities, Roadshow Distributors Pty Limited which was included in the Strategic Investment segment and Atlab Holdings Pty Limited which was included in the Entertainment Technology segment. Also refer Note 35 – Investments in Associates.

	Cinema Exhibition Domestic	Cinema Exhibition International	Entertainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Consolidated	Consolidated continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2008										
Assets										
Segment assets	91,528	84,121	9,211	222,079	47,579	7,433	–	136,303	598,254	598,254
Equity accounted investments	101,227	13,895	1,747	1,809	–	–	–	–	118,678	118,678
Unallocated corporate assets									35,602	35,602
Consolidated total assets									752,534	752,534
Liabilities										
Segment liabilities	36,788	64,976	6,507	14,808	6,432	535	–	–	130,046	130,046
Unallocated corporate liabilities									57,447	57,447
Consolidated total liabilities									187,493	187,493
Acquisitions of non-current assets	10,487	1,300	162	14,627	2,626	49	–	6,024	35,275	35,275
Secondary reporting – geographical segments				Australia and NZ \$'000		Europe \$'000		Other \$'000		Consolidated \$'000
External segment revenue				326,401		287,179		–		613,580
Segment assets by location of assets				654,518		87,149		10,867		752,534
Acquisitions of non-current assets				33,975		1,300		–		35,275

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 3 – REVENUE AND OTHER INCOME					
REVENUE					
Sale of goods		194,244	161,581	—	—
Rendering of services		475,616	409,287	—	—
		669,860	570,868	—	—
Finance revenue:					
Interest income – jointly controlled entities		—	8	—	—
Interest income – controlled entities	38	—	—	6,468	27,896
Interest income – bank deposits		1,278	1,409	—	—
Interest income – other persons		121	196	2	—
Total interest income		1,399	1,613	6,470	27,896
Net change in fair value of cash flow hedges transferred from equity		—	1,582	—	—
Notional interest		41	159	—	—
		1,440	3,354	6,470	27,896
Rental revenue:					
Associates	38	97	271	—	—
Other persons		21,896	21,997	—	—
		21,993	22,268	—	—
Dividends received and receivable from:					
Controlled entities	38	—	—	53,007	45,007
Available-for-sale financial assets		453	455	428	402
		453	455	53,435	45,409
Management and consulting fees received and receivable from:					
Associates	38	—	49	—	—
Controlled entities	38	—	—	11,299	9,631
Jointly controlled entities	36	5,554	5,371	—	—
Other persons		12,113	14,277	—	—
		17,667	19,697	11,299	9,631
Sundry revenue		646	891	49	144
OTHER INCOME					
Profit on sale of property, plant and equipment		12	14	—	—
Property, plant and equipment impairment reversal		240	1,481	—	—
Total other income		252	1,495	—	—
Total revenue and other income		712,311	619,028	71,253	83,080
REVENUE AND OTHER INCOME INCLUDING SHARE OF SALES REVENUE FOR JOINTLY CONTROLLED ENTITIES:					
Revenue as listed above		712,311	619,028	71,253	83,080
Jointly controlled entities *	36	212,179	186,879	—	—
		924,490	805,907	71,253	83,080

* To more fairly reflect the operations of the Group, revenue disclosed includes the Group's share of the sales revenue earned by jointly controlled entities. The share of sales revenue of each jointly controlled entity is disclosed at Note 36.

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 4 – PROFIT BEFORE INCOME TAX					
(a) EXPENSES AND LOSSES/(GAINS)					
Profit before income tax has been arrived at after charging/ (crediting) the following items:					
Cost of goods sold		61,060	46,552	–	–
Finance costs:					
Interest expense – associates		125	361	–	–
Interest expense – controlled entities	38	–	–	–	18,495
Bank interest and finance costs		4,619	3,951	–	–
Interest and finance costs – other persons		16	33	–	–
Finance charges on capitalised leases		665	818	2	–
Less: capitalised interest		(464)	–	–	–
Total interest expense and finance charges		4,961	5,163	2	18,495
Unwind of notional interest		151	190	–	–
		5,112	5,353	2	18,495
Net bad and doubtful debts expense including movement in the doubtful debts allowance		101	452	–	–
Amortisation of:					
Intangible assets		1,855	1,788	45	58
Leased plant and equipment		157	116	–	–
Leasehold buildings		2,996	3,009	–	–
Other		219	221	–	–
		5,227	5,134	45	58
Depreciation		25,405	23,484	51	46
Total depreciation and amortisation		30,632	28,618	96	104
Impairment write-downs:					
Land and buildings		5,340	–	–	–
Plant and equipment		281	1,156	–	–
Investments		190	–	–	–
		5,811	1,156	–	–
Increase/(decrease) in provision for:					
Onerous contracts		(1,251)	(4,348)	–	–
Insurance loss contingencies and other		410	(23)	–	–
Decommissioning		(126)	57	–	–
		(967)	(4,314)	–	–
Employee expenses:					
Employee benefits provisions		8,137	6,746	872	417
Share-based payments expense		1,258	1,410	569	977
Salaries and wages		150,975	136,237	8,482	6,677
Superannuation contributions		6,627	6,091	275	259
Total employee expenses		166,997	150,484	10,198	8,330
Net foreign exchange (gains)/losses		(89)	75	–	–
Operating lease rental expense		106,134	97,840	73	58
Loss on sale of property, plant and equipment		366	264	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 4 – PROFIT BEFORE INCOME TAX (CONTINUED)				
(b) INDIVIDUALLY SIGNIFICANT ITEMS				
Profit before income tax includes the following revenues/(expenses) whose disclosure is relevant in explaining the financial performance of the Group:				
OTHER EXPENSES				
Impairment write-downs in carrying value of land and buildings	(5,340)	–	–	–
Reversal/(provision) for onerous contracts relating to lease for closed cinema sites	–	2,266	–	–
INDIVIDUALLY SIGNIFICANT ITEMS IN EQUITY ACCOUNTED RESULTS				
Profit on sale of equity accounted 33.3% interest in a cinema site in The Netherlands	–	6,691	–	–
INDIVIDUALLY SIGNIFICANT ITEMS RELATING TO DISCONTINUED OPERATIONS				
Profit on sale of equity accounted investment in Roadshow Distributors Pty Limited	–	64,381	–	–
Impairment write-down in the equity accounted carrying value of Atlab Holdings Pty Limited	–	(4,253)	–	–
Impairment write-down of investment carrying value of Atlab Holdings Pty Limited	–	–	–	(12,250)
	(5,340)	69,085	–	(12,250)

NOTE 5 – DISCONTINUED OPERATIONS**2009**

On 26 September 2008, the Company and the Group sold their 50% shareholding in an associate, Atlab Holdings Pty Limited. The comparative income statement has been restated to show income and losses relating to this discontinued investment separately from those of continuing operations. The consideration from the sale of the investment in Atlab Holdings Pty Limited was \$1,500,000 which was equivalent to the Company's and the Group's carrying value for the shareholding as at 30 June 2008. As a result, there was no profit or loss recognised on sale during the year to 30 June 2009. The tax effect of a capital gains tax loss amounting to \$3,680,000 has been recognised in respect of this disposal.

2008

On 15 August 2007, the Company sold its 50% shareholding in Roadshow Distributors Pty Limited, an associate as at 30 June 2007.

ANALYSIS OF PROFIT AND LOSS OF DISCONTINUED OPERATIONS

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Dividends received from Associate	–	–	–	1,000
Management fees received from Associate	250	500	250	500
Total revenue	250	500	250	1,500
Investment impairment	–	–	–	(12,250)
Share of associate's net profit/(loss) accounted for using the equity method – Note 35	–	(1,969)	–	–
Profit/(loss) before income tax	250	(1,469)	250	(10,750)
Income tax expense	(75)	(150)	(75)	(150)
Profit/(loss) after income tax for discontinued operations	175	(1,619)	175	(10,900)
Gain on sale of discontinued operation	–	64,381	–	–
Income tax – sale of discontinued operations	3,680	(26,404)	1,291	–
Profit/(loss) for the period	3,855	36,358	1,466	(10,900)

During the 12 months to 30 June 2009, the discontinued operations had cash inflows from operating activities of \$250,000 (2008: \$1,500,000), cash inflows from investing activities on disposal of \$1,500,000 (2008: \$95,000,000) and cash inflows from financing activities of \$nil (2008: \$nil).

	The Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 6 – AUDITORS’ REMUNERATION				
Audit services:				
Auditors of the Company – KPMG Australia				
Audit and review of financial reports	855,191	886,590	293,295	315,903
Other assurance services	32,210	23,330	–	–
Overseas KPMG firms				
Audit and review of financial reports	378,740	375,752	–	–
	1,266,141	1,285,672	293,295	315,903
Other services:				
Auditors of the Company – KPMG Australia				
Income tax compliance	156,492	147,169	111,539	95,555
Indirect tax compliance advice	108,129	40,571	20,262	14,325
	264,621	187,740	131,801	109,880
Overseas KPMG firms				
International income tax compliance	100,502	125,296	–	–
Indirect tax compliance advice	13,572	33,826	–	–
Revenue certificates compliance	14,606	3,595	–	–
Other taxation services	132,176	103,530	–	–
	260,856	266,247	–	–
	525,477	453,987	131,801	109,880
	2009 \$’000	2008 \$’000	2009 \$’000	2008 \$’000
NOTE 7 – TAXATION				
(a) INCOME TAX EXPENSE				
The major components of income tax expense/(benefit) are:				
INCOME STATEMENT				
Income tax expense reported	22,932	20,754	981	104
Income tax attributable to discontinued operations	(3,605)	26,554	(1,216)	150
	19,327	47,308	(235)	254
Current income tax				
Current income tax expense/(benefit)	25,015	40,238	1,779	(6,183)
Adjustments in respect of current income tax of prior year	(376)	320	(681)	44
Deferred income tax				
Relating to origination and reversal of temporary differences	(5,312)	6,750	(1,333)	6,393
Income tax expense/(benefit) reported in the Income Statement	19,327	47,308	(235)	254
INCOME TAX CHARGED/(CREDITED) TO EQUITY				
Deferred income tax related to items charged or credited directly to equity:				
Net (gain)/loss on revaluation of cash flow hedges	(596)	459	–	–
Unrealised (gain)/loss on available-for-sale investments	(375)	924	(375)	924
Adjustment to shared-based payments reserve	(110)	76	(110)	76
Deferred tax adjustments on currency translation movements	(318)	–	–	–
Net loss/(gain) on hedge of net investment in overseas subsidiaries	12	(2)	–	–
Income tax (expense)/benefit reported in equity	(1,387)	1,457	(485)	1,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 7 – TAXATION (CONTINUED)				
RECONCILIATION BETWEEN INCOME TAX EXPENSE AND PRE-TAX NET 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	88,554	83,911	59,477	53,026
Profit/(loss) before tax from discontinued operations	250	62,912	250	(10,750)
Accounting profit before income tax expense	88,804	146,823	59,727	42,276
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% on the accounting profit	26,641	44,047	17,918	12,683
Increase in income tax expense due to:				
Depreciation and amortisation of buildings	500	710	–	–
Impairment write-down of land and buildings	1,602	–	–	–
Losses and non-deductible items in non-resident controlled entities	2,231	1,424	–	–
Non-refundable franking credits grossed up	68	180	55	180
Dividends from equity accounted associates	30	300	–	–
Impairment write-down of associate carrying value	–	1,276	–	3,675
Sundry items	179	109	165	45
	4,610	3,999	220	3,900
Decrease in income tax expense due to:				
Franking credits on dividends received	184	172	183	172
Franking credits on dividends received from equity accounted associates	43	429	–	429
Investment allowance	183	–	–	–
Dividends received from controlled entities	–	–	15,900	13,502
Share of non-assessable/(non-deductible) items in joint venture entities income tax	190	(117)	–	–
Share of incorporated jointly controlled entities' net profit	666	368	–	–
Share of associates' net profit	3,358	5,146	–	–
Difference between book and tax profit on disposal of an investment in an associate	3,680	(7,090)	1,291	–
Tax losses from prior years now recognised or utilised	3,133	2,563	–	2,563
Share based payments deductible/(non-deductible) for tax	111	(413)	318	(293)
	11,548	1,058	17,692	16,373
Income tax (over)/under provided in prior year	(376)	320	(681)	44
	19,327	47,308	(235)	254
(b) CURRENT TAX LIABILITIES				
PROVISION FOR CURRENT INCOME TAX				
Movements during the year:				
Balance at the beginning of the year	25,352	4,779	24,416	4,523
Income tax paid	(38,532)	(20,095)	(36,653)	(18,851)
Current year income tax provided	24,854	40,337	1,709	(6,183)
Current year's income tax provision in respect of controlled entities taken up by the Company	–	–	20,120	44,882
Tax refunds received	666	–	655	–
(Over)/under provision in prior year	(434)	331	(612)	45
	11,906	25,352	9,635	24,416

	Balance Sheet The Group		Income Statement The Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 7 – TAXATION (CONTINUED)				
(c) DEFERRED INCOME TAX				
DEFERRED TAX LIABILITIES – THE GROUP				
Deferred tax liabilities comprise:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	8,897	7,607	1,110	3,635
Difference in treatment of property lease for accounting and tax purposes	1,514	1,675	(245)	1,675
Investment properties	3,526	3,760	(234)	(457)
Available-for-sale investments	1,292	1,666	–	–
Interest and holding charges capitalised	924	740	184	(62)
Fair value of cash flow hedges	–	7	–	–
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	1,215	1,107	108	222
Prepayments	101	121	(20)	(79)
Share based payments deductible for tax but deferred and amortised for accounting purposes	984	881	212	397
Share of joint venture entity timing differences	539	1,140	(601)	(8)
Sundry items	430	425	5	179
	19,422	19,129		
Less: Deferred tax liabilities of the tax-consolidated group offset against deferred tax assets	(13,503)	(11,567)		
	5,919	7,562		
DEFERRED TAX ASSETS – THE GROUP				
Deferred tax assets comprise:				
Provisions and accrued employee benefits not currently deductible	5,546	4,591	(889)	151
Unrealised foreign exchange losses not currently deductible	219	182	114	(26)
Unrealised foreign exchange differences on hedge of net investment	588	4	–	–
Deferred revenue	2,474	1,616	(710)	124
Difference in depreciation and amortisation of property, plant and equipment and intangible assets for accounting and income tax purposes	6,955	6,496	(298)	(3,350)
Lease termination payment not currently deductible	420	630	210	210
Share of joint venture entity timing differences	6,657	6,431	(226)	(981)
Tax losses carried forward	1,177	956	(170)	(991)
Capital losses offsetting unrealised capital gains	3,680	–	(3,680)	6,023
Sundry items	513	331	(182)	88
	28,229	21,237		
Less: Deferred tax liabilities of the tax-consolidated group offset against deferred tax assets	(13,503)	(11,567)		
	14,726	9,670		
Deferred income tax – The Group			(5,312)	6,750

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Balance Sheet Company		Income Statement Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 7 – TAXATION (CONTINUED)				
DEFERRED TAX LIABILITIES – COMPANY				
Deferred tax liabilities comprise:				
Share-based payments deductible for tax but deferred and amortised for accounting purposes	982	881	211	397
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	–	5	(5)	(8)
Other investments	1,291	1,666	–	–
	2,273	2,552		
Less: Deferred tax liabilities offset against deferred tax assets	(2,094)	(555)		
	179	1,997		
DEFERRED TAX ASSETS – COMPANY				
Deferred tax assets comprise:				
Provisions and accrued employee benefits not currently deductible	730	525	(205)	(22)
Capital losses offsetting unrealised capital gains	1,291	–	(1,291)	6,023
Sundry items	73	30	(43)	3
	2,094	555		
Less: Deferred tax liabilities offset against deferred tax assets	(2,094)	(555)		
	–	–		
Deferred income tax – Company			(1,333)	6,393

At 30 June 2009, a deferred tax liability relating to investments in subsidiaries has not been recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
UNRECOGNISED DEFERRED TAX ASSETS				
Revenue losses – foreign	36,463	36,513	–	–
Temporary differences – foreign	1,050	1,914	–	–
	37,513	38,427	–	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Included in the deferred tax assets not recognised is the gross value of tax revenue losses arising in Germany of \$121,542,000 (2008: \$121,709,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law.

At 30 June 2009, there is no recognised deferred income tax liability (2008: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or incorporated jointly controlled entities.

TAX CONSOLIDATION

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group. Amalgamated Holdings Limited (the Company) is the head entity for the tax-consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate current and deferred tax amounts to the wholly-owned subsidiaries using a "group allocation method approach". The Company recognises deferred tax assets arising from unused tax losses (including capital losses) of the tax-consolidated group to the extent that it is probable that future taxable profits (including capital gains) of the tax-consolidated group will be available against which the asset can be utilised. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

NOTE 7 – TAXATION (CONTINUED)

TAX FUNDING ARRANGEMENT FOR MEMBERS OF THE TAX-CONSOLIDATED GROUP

Members of the tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to or from the Company as head entity equal to the current tax liability or asset assumed by the head entity excluding any tax loss deferred tax asset assumed by the head entity. The members of the tax-consolidated group have also entered into a valid tax sharing agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and the treatment of entities leaving the tax-consolidated group.

Tax payments under the tax funding agreement are recognised as an increase or decrease in the subsidiaries' intercompany accounts with the Company.

	Per share Cents	Total amount \$'000	Date of payment	Tax rate for franking credit	Percentage franked
NOTE 8 – DIVIDENDS					
Dividends on ordinary shares paid by the Company during the year are:					
2009					
Final 2008 dividend paid	19	24,554	25 September 2008	30%	100%
Interim 2009 dividend paid	11	14,344	19 March 2009	30%	100%
		38,898			
2008					
Final 2007 dividend paid	18	23,061	20 September 2007	30%	100%
Interim 2008 dividend paid	11	14,202	13 March 2008	30%	100%
		37,263			
SUBSEQUENT EVENTS					
Since the end of the financial year, the directors declared the following dividend:					
Final 2009 dividend	21	27,383	17 September 2009	30%	100%

The financial effect of this final dividend in respect of the year has not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in subsequent financial reports.

There are no shareholders' dividend plans in operation.

	Company	
	2009 \$'000	2008 \$'000
FRANKING CREDIT BALANCE		
The amount of franking credits available are:		
Franking account balance as at the beginning of the financial year at 30% (2008: 30%)	134,419	110,723
Franking credits from the payment of income tax and income tax payable	20,897	39,065
Franking debits from the payment of dividends	(16,670)	(15,970)
Franking credits from the receipt of dividends	226	601
The amount of franking credits available for future reporting periods	138,872	134,419

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 \$11,736,000 (2008: \$10,523,000).

The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends.

In accordance with the tax consolidation legislation, the Company, as the head entity in the tax-consolidated group, has also assumed the benefit of the franking credits available.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 9 – EARNINGS PER SHARE

CLASSIFICATION OF SECURITIES AS POTENTIAL ORDINARY SHARES

In the prior period options outstanding under the Management Share Option Plan that had a dilutive potential were classified as potential ordinary shares and included in the calculation of diluted earnings per share. There were no management share options on issue at 30 June 2009.

	The Group	
	2009 \$'000	2008 \$'000
EARNINGS RECONCILIATION		
Profit after tax from continuing operations	65,622	63,157
Less: Profit/(loss) after tax attributable to minority interest	6	(146)
Basic earnings – continuing operations	65,628	63,011
Basic earnings – discontinued operations	3,855	36,358
Earnings attributable to members of the Company	69,483	99,369
	Number	Number
Weighted average number of ordinary shares used as the denominator number for basic earnings per share	129,911,079	128,522,733
Effect of management share options on issue	–	322,090
Number for diluted earnings per share	129,911,079	128,844,823

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 10 – CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	23,227	28,472	1,186	176

Details relating to cash at bank and on hand and the Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 28.

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 11 – RECEIVABLES					
CURRENT					
Trade receivables		27,347	20,275	–	–
Less: impairment of trade receivables		(1,906)	(2,223)	–	–
		25,441	18,052	–	–
Other receivables		10,911	12,592	23	–
Receivable from associates		–	–	–	357
Receivable from jointly controlled entities		2,018	3,710	–	–
		38,370	34,354	23	357
NON-CURRENT					
Trade receivables		143	261	–	–
Receivable from associates		43	43	–	–
Receivable from controlled entities	38	–	–	188,389	191,725
Present value of loans provided under the employee share plan		330	349	330	349
		516	653	188,719	192,074

NOTE 11 – RECEIVABLES (CONTINUED)

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 are disclosed in Note 28.

Allowances are made for impairment losses 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.

As at 30 June 2009, trade receivables with a value of \$1,906,000 (2008: \$2,223,000) were impaired and fully provided for. Movements in the allowance for trade receivables are as follows:

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	2,223	1,774	–	–
Charge for the year	1,264	568	–	–
Provision no longer required	(1,837)	(155)	–	–
Net foreign currency differences on translation of foreign operations	256	36	–	–
	1,906	2,223	–	–

As at 30 June 2009, the analysis of trade receivables for the Group that were past due but not impaired is as follows:

	The Group	
	2009 \$'000	2008 \$'000
Not past due nor impaired	13,291	14,575
Less than 30 days overdue	6,105	1,347
More than 30 days overdue but less than 90 days overdue	3,165	419
More than 90 days overdue	2,880	1,711
	25,441	18,052

All other receivables 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.

	The Group		Company	
Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 12 – INVENTORIES				
Raw materials and stores	2,408	2,984	–	–
Work in progress	752	3,472	–	–
Finished goods	7,633	5,484	–	–
Land under development – held for sale	2,983	–	–	–
Total inventories at the lower of cost and net realisable value	13,776	11,940	–	–
NOTE 13 – OTHER CURRENT ASSETS				
Prepayments	4,745	3,991	168	68
Derivatives at fair value	–	397	–	–
Sundry	229	284	–	–
	4,974	4,672	168	68

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 14 – OTHER FINANCIAL ASSETS					
Investments (unquoted):					
Controlled entities	34	–	–	37,189	37,189
Associates		–	–	–	1,500
Other entities		312	502	–	–
		312	502	37,189	38,689

In the Company financial statements, investments in associates are accounted for at cost less impairment losses recognised, whereas in the Group financial statements investments in associates are accounted for using the equity method (refer Note 16).

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 15 – AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Investments in listed company	9,362	10,610	9,362	10,610

The Group's investment is in a company listed on the ASX. A 10% increase in the market price of the shares in this company at the reporting date would have increased equity by \$655,000 after tax (2008: an increase of \$743,000); an equal change in the opposite direction would have decreased equity by \$655,000 after tax (2008: a decrease of \$743,000).

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 16 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Associates	35	16,304	14,700	—	—
Jointly controlled entities	36	101,446	103,978	—	—
		117,750	118,678	—	—

The Group accounts for investments in associates and jointly controlled entities using the equity method.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD LAND AND BUILDINGS				
At cost	404,881	355,063	–	–
Less: Accumulated depreciation	(53,682)	(49,646)	–	–
	351,199	305,417	–	–
LAND SUBJECT TO LONG TERM LEASES				
At cost – subject to long term lease	56	56	–	–
At cost – subject to long term finance lease	8,037	7,582	–	–
	8,093	7,638	–	–

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
BUILDINGS AND IMPROVEMENTS SUBJECT TO LONG TERM LEASES				
At cost – on land subject to long term lease	43,685	43,745	–	–
At cost – other leasehold improvements	28,039	27,588	–	–
At cost – subject to long term finance lease	26,034	24,561	–	–
	97,758	95,894	–	–
Less: Accumulated amortisation	(37,630)	(34,489)	–	–
	60,128	61,405	–	–
RESORT APARTMENTS AND SHARE OF COMMON PROPERTY				
At cost	15,513	–	–	–
Less: Accumulated depreciation	–	–	–	–
	15,513	–	–	–
CAPITAL WORK IN PROGRESS				
At cost	13,834	7,478	–	5
PLANT AND EQUIPMENT				
At cost	399,463	358,389	937	899
Less: Accumulated depreciation	(286,479)	(258,236)	(860)	(810)
	112,984	100,153	77	89
LEASED PLANT AND EQUIPMENT				
At cost	–	2,088	–	–
Less: Accumulated amortisation	–	(1,422)	–	–
	–	666	–	–
Total property, plant and equipment at net book value	561,751	482,757	77	94
RECONCILIATIONS				
Summaries of the movements in carrying amounts of each class of property, plant and equipment between the beginning and end of the year are set out below:				
FREEHOLD LAND AND BUILDINGS				
At cost at the beginning of the year	355,063	351,474	–	–
Less: Accumulated depreciation at the beginning of the year	(49,646)	(46,245)	–	–
Net balance at the beginning of the year	305,417	305,229	–	–
Additions	52,513	5,768	–	–
Transfer to investment properties	(1,838)	–	–	–
Transfer from capital work in progress	4,668	783	–	–
Transfer to inventories	(535)	–	–	–
Disposals	(23)	(19)	–	–
Net foreign currency differences on translation of foreign operations	276	(2,669)	–	–
Depreciation	(3,939)	(3,675)	–	–
Impairment write-downs	(5,340)	–	–	–
Net balance at the end of the year	351,199	305,417	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
LAND SUBJECT TO LONG TERM LEASES				
At cost at the beginning of the year	7,638	7,379	–	–
Less: Accumulated depreciation at the beginning of the year	–	–	–	–
Net balance at the beginning of the year	7,638	7,379	–	–
Net foreign currency differences on translation of foreign operations	455	259	–	–
Net balance at the end of the year	8,093	7,638	–	–
BUILDINGS AND IMPROVEMENTS SUBJECT TO LONG TERM LEASES				
At cost at the beginning of the year	95,894	100,045	–	–
Less: Accumulated depreciation at the beginning of the year	(34,489)	(41,084)	–	–
Net balance at the beginning of the year	61,405	58,961	–	–
Additions	12	443	–	–
Transfer from capital work in progress	360	4,507	–	–
Net foreign currency differences on translation of foreign operations	1,350	503	–	–
Disposals	(3)	–	–	–
Depreciation	(2,996)	(3,009)	–	–
Net balance at the end of the year	60,128	61,405	–	–
RESORT APARTMENTS AND SHARE OF COMMON PROPERTY				
At cost at the beginning of the year	–	–	–	–
Less: Accumulated depreciation at the beginning of the year	–	–	–	–
Net balance at the beginning of the year	–	–	–	–
Additions	15,513	–	–	–
Balance at the end of the year	15,513	–	–	–
CAPITAL WORK IN PROGRESS				
Balance at the beginning of the year	7,478	5,198	5	–
Net foreign currency differences on translation of foreign operations	(7)	(52)	–	–
Additions	19,684	13,704	–	5
Transfer from capital works in progress	(10,873)	(11,372)	(5)	–
Transfer to inventories	(2,448)	–	–	–
Balance at the end of the year	13,834	7,478	–	5

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
PLANT AND EQUIPMENT				
At cost at the beginning of the year	358,389	343,466	899	854
Less: Accumulated depreciation at the beginning of the year	(258,236)	(243,026)	(810)	(764)
Net balance at the beginning of the year	100,153	100,440	89	90
Additions	26,246	12,973	34	45
Transfer to investment properties	(41)	–	–	–
Transfer from capital work in progress	5,817	6,160	5	–
Transfer from leased plant and equipment	509	–	–	–
Net foreign currency differences on translation of foreign operations	2,216	696	–	–
Disposals	(408)	(268)	–	–
Reclassification to software	–	(364)	–	–
Depreciation	(21,467)	(19,809)	(51)	(46)
Impairment write-back	240	1,481	–	–
Impairment write-downs	(281)	(1,156)	–	–
Net balance at the end of the year	112,984	100,153	77	89
LEASED PLANT AND EQUIPMENT				
At cost at the beginning of the year	2,088	2,088	–	–
Less: Accumulated amortisation at the beginning of the year	(1,422)	(1,201)	–	–
Net balance at the beginning of the year	666	887	–	–
Transfer to plant and equipment	(509)	(105)	–	–
Amortisation	(157)	(116)	–	–
Net balance at the end of the year	–	666	–	–

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 Note 18), valuations are generally carried out on a progressive three year cycle. The valuation of a number of properties, due for valuation in 2010, was brought forward to 2009. The last valuations have been completed as at June 2009 and June 2007.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
MOST RECENT VALUATIONS OF INTEREST IN LAND AND BUILDINGS, EXCLUDING INVESTMENT PROPERTIES				
Due to the diversity of the Group's operations, valuations have been prepared on a highest and best alternate use or existing use basis. A summary, by year of the last valuation, is set out as follows:				
HIGHEST AND BEST ALTERNATE USE				
Independent valuation – 2009	61,250	–	–	–
Independent valuation – 2007	–	83,000	–	–
EXISTING USE				
Independent valuation – 2009	426,514	–	–	–
Independent valuation – 2007	219,559	424,385	–	–
Independent valuation – 2006	–	227,278	–	–
Balance carried forward	707,323	734,663	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Balance brought forward	707,323	734,663	–	–
LAND AND BUILDINGS NOT INDEPENDENTLY VALUED				
Acquisition cost of hotel property acquired in June 2009 not yet independently valued	20,050	–	–	–
	727,373	734,663	–	–

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

The written-down book value of plant and equipment and which are deemed integral to land and buildings, has been determined to total approximately \$68,000,000 as at 30 June 2009 (2008: \$49,000,000).

IMPAIRMENT LOSSES RECOGNISED**LAND AND BUILDINGS**

During the year ended 30 June 2009, a general decline in the trading performance of hotel properties caused the Group to assess the recoverable amount for hotel properties owned by the Group. 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 11.4% to 11.9% per annum were used. Cash flows were projected based on actual operating results, with longer term cash flows extrapolated using average expected growth rates in the range of 1.5% to 2.5% per annum. As a result of these assessments, impairment losses totalling \$3,028,000 were recognised in respect of two hotel properties.

Given the long life nature of these assets, the estimates of their recoverable value in use are particularly sensitive to changes in certain key assumptions. Although all assumptions used are considered to be appropriate at this time, an increase of one percentage point in the discount rate, for the hotel properties assessed, would increase the impairment loss by \$6,348,000. A one percentage point decrease in the discount rate would reduce the impairment loss by \$2,929,000. A 10% decrease in the forecast earnings would increase the impairment loss by \$6,368,000 and a 10% increase in forecast earnings would decrease the impairment loss by \$2,645,000.

A further impairment loss of \$2,312,000 was recognised in the year to 30 June 2009 for a retail property owned by the Group. The assessed recoverable value was determined using estimated current market rentals, actual costs and a capitalisation rate of 7%.

PLANT AND EQUIPMENT

An impairment loss of \$281,000 was recognised during the year ended 30 June 2009 for plant and equipment at a cinema site in Germany which is due to close in the short term.

During the prior financial year, a decline in the trading performance at a number of cinema sites in Germany (Cinema Exhibition International segment) resulted in a reassessment of the recoverable amount of plant and equipment at those cinema sites. Based on this assessment, the carrying amount of plant and equipment at a number of cinema sites was written down by \$1,156,000 in the 2008 financial year. The estimated recoverable amounts were based on the plant and equipment value in use, representing the present value of future cash flows expected to be derived from the assets, determined using discount rates in the range of 10% to 12.75% per annum.

During the period, an impairment write-down made in a prior period for a cinema site in Germany was partially written back by \$240,000 (2008: write-back of \$1,481,000 made for a cinema site in Germany). These write-backs were deemed appropriate due to improved cash flow generated by the site resulting from lower rental costs and a general improvement in trading performance.

SECURITY

The following assets, whose carrying values are listed below, are subject to mortgage security to secure the Group's bank loan facilities. Refer Note 23.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Freehold land and buildings	161,411	159,188	–	–
Freehold land and buildings classified as investment properties	27,700	28,500	–	–
	189,111	187,688	–	–

LAND AND BUILDINGS SUBJECT TO FINANCE LEASE

The Group leases a property under a finance lease agreement. At the end of the lease, the Group has the option to purchase the property at no additional cost. If this option is not exercised, the Group can occupy the premises for a further five year period rent-free. At 30 June 2009, the net carrying amount of the property was \$29,605,000 (2008: \$28,668,000). The leased property secures lease obligations.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 18 – INVESTMENT PROPERTIES				
FREEHOLD LAND AND BUILDINGS				
At fair value	29,600	28,500	–	–
Summary of movements in balance:				
Balance at the beginning of the year	28,500	29,900	–	–
Transfer from property, plant and equipment	1,879	–	–	–
Revaluation increment on transfer from property, plant and equipment	267	–	–	–
Fair value decrements during the year	(1,030)	(1,400)	–	–
Other	(16)	–	–	–
Balance at the end of the year	29,600	28,500	–	–

The carrying amount of investment properties is the fair value of the property as determined by a registered qualified independent valuer. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

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 2009, \$2,455,000 (2008: \$2,219,000) was recognised as rental income for investment properties in the Income Statement, with \$986,000 (2008: \$730,000) incurred in respect of direct costs, including \$135,000 (2008: \$100,000) for repairs and maintenance.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 19 – GOODWILL AND OTHER INTANGIBLE ASSETS				
Goodwill	5,316	5,064	–	–
Construction rights	1,388	1,388	–	–
Liquor licences	185	185	–	–
	6,889	6,637	–	–
Management rights – including initial contributions	6,712	6,097	–	–
Less: Accumulated amortisation	(1,771)	(1,129)	–	–
	4,941	4,968	–	–
Software	5,813	5,090	141	115
Less: Accumulated amortisation	(2,787)	(1,846)	(103)	(58)
	3,026	3,244	38	57
	14,856	14,849	38	57

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 19 – 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 rights \$'000	Software \$'000
2009 – THE GROUP					
Gross balance at the beginning of the year	5,064	1,388	185	6,097	5,090
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(1,129)	(1,846)
Net balance at the beginning of the year	5,064	1,388	185	4,968	3,244
Acquisitions and initial contributions	–	–	–	611	828
Amortisation	–	–	–	(642)	(1,213)
Net foreign currency differences on translation of foreign operations	252	–	–	4	167
Net balance at the end of the year	5,316	1,388	185	4,941	3,026
2008 – THE GROUP					
Gross balance at the beginning of the year	4,917	1,388	185	5,865	3,068
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(413)	(1,280)
Net balance at the beginning of the year	4,917	1,388	185	5,452	1,788
Acquisitions and initial contributions	–	–	–	230	2,157
Transfer from plant and equipment	–	–	–	–	364
Amortisation	–	–	–	(715)	(1,073)
Net foreign currency differences on translation of foreign operations	147	–	–	1	8
Net balance at the end of the year	5,064	1,388	185	4,968	3,244

IMPAIRMENT LOSSES RECOGNISED

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2009 (2008: \$nil).

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

The following units have significant carrying amounts of goodwill:

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cinema joint venture – Cinema Exhibition International	4,470	4,218	–	–
Multiple units without significant goodwill	846	846	–	–
	5,316	5,064	–	–

The recoverable value of the Group's share of a cinema joint venture in Germany is based on a value in use calculation. This calculation uses cash flow projections based on actual operating results and the three year plan, with cash flows beyond the three year period being projected using a 2% per annum growth rate which is considered appropriate given economic indicators and the expected long term increase in revenue and operating costs in that market. A pre-tax discount rate of 12.3% per annum has been used in discounting the projected cash flows.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 20 – OTHER NON-CURRENT ASSETS				
Security deposits in respect of long term operating leases	5,062	4,985	–	–
Wildlife	640	640	–	–
Operating lease payments paid in advance	1,588	–	–	–
Sundry	1,968	1,252	–	–
	9,258	6,877	–	–
NOTE 21 – PAYABLES				
CURRENT				
Trade creditors	30,622	30,930	–	–
Other creditors and accruals	46,694	36,965	1,165	766
	77,316	67,895	1,165	766
NON-CURRENT				
Payables to associates	2	2	–	–

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 22 – INTEREST BEARING LIABILITIES AND BORROWINGS					
CURRENT					
INTEREST BEARING LIABILITIES AND BORROWINGS					
Bank loans	23	700	5,842	–	–
Loans from other companies		–	393	–	–
Loans from associates		901	848	–	–
Loans from other companies		–	458	–	–
Lease liabilities	30	4,902	4,405	–	–
Deferred financing costs		(248)	(242)	–	–
		6,255	11,704	–	–
NON-INTEREST BEARING LOANS					
Loans from other companies		459	492	–	–
		6,714	12,196	–	–
NON-CURRENT					
INTEREST BEARING LIABILITIES AND BORROWINGS					
Bank loans	23	67,093	13,931	–	–
Lease liabilities	30	4,925	9,685	–	–
Loans from controlled entities	38	–	–	–	14,153
Deferred financing costs		(490)	(744)	–	–
		71,528	22,872	–	14,153
NON-INTEREST BEARING LOANS					
Loans from other companies		1,724	2,020	–	–
		73,252	24,892	–	14,153

The Group's exposure to currency and liquidity risk related to interest bearing liabilities and borrowings is disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 23 – FINANCING ARRANGEMENTS

BANK DEBT – SECURED

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

- A\$160,000,000 of revolving multi-currency loan facilities;
- A\$70,000,000 of cash advance facilities;
- A\$38,750,000 of credit support facilities (for the issue of letters of credit and bank guarantees); and
- A total of A\$5,050,000 in overdraft limits to support its transactional banking facilities.

The above facilities mature on 10 July 2012. These facilities 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 0.45% to 0.90%. At 30 June 2009, the Group had drawn \$67,093,000 (2008: \$13,931,000) under the debt facilities, of which 62.7% was subject to interest rate swaps used for hedging.

OTHER LOANS – INTERNATIONAL

In addition to the above facilities, wholly-owned subsidiaries in Germany have working capital facilities totalling €9,000,000 (A\$15,649,000) (secured by a letter of credit and bank guarantees drawn under the credit support facility in Australia), and additional working capital facilities totalling €5,000,000 (A\$8,694,000) supported by the Company. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 0.85% to 2.0%. These facilities are subject to annual review. At 30 June 2009, the Group had debt drawn of \$700,000 (2008: \$5,842,000).

FINANCE LEASE LIABILITY – INTERNATIONAL

A wholly-owned subsidiary in Germany also has a property finance lease with a balance outstanding of \$9,827,000 (2008: \$13,849,000). The lease bears interest at the relevant inter-bank benchmark reference rate plus a margin of 1.75% per annum and as at 30 June 2009 had interest rate swaps used for hedging applying to 73.9% of the balance outstanding (also refer Note 30).

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 24 – PROVISIONS					
CURRENT					
Employee benefits	29	11,932	10,794	2,262	1,581
Onerous contracts		–	1,108	–	–
Insurance loss contingencies and other claims		757	348	–	–
		12,689	12,250	2,262	1,581
NON-CURRENT					
Employee benefits	29	2,019	1,988	175	170
Onerous contracts		–	113	–	–
Decommissioning of leasehold improvements		7,559	7,157	–	–
		9,578	9,258	175	170
RECONCILIATIONS					
Reconciliations of the carrying amounts of each class of provisions, except for employee benefits, are set out below:					
ONEROUS CONTRACTS					
Carrying amount at the beginning of the year		1,221	5,469	–	–
Provisions utilised		(686)	(1,958)	–	–
Provisions for lease costs on closed cinema sites released		(445)	(2,266)	–	–
Provisions surplus leased space released		(120)	(124)	–	–
Net foreign currency differences on translation of foreign operations		30	100	–	–
Carrying amount at the end of the year		–	1,221	–	–

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 24 – PROVISIONS (CONTINUED)				
INSURANCE LOSS CONTINGENCIES AND OTHER CLAIMS				
Carrying amount at the beginning of the year	348	586	—	—
Payments made	(1)	(215)	—	—
Provisions made	473	9	—	—
Reduction made	(63)	(32)	—	—
Carrying amount at the end of the year	757	348	—	—
DECOMMISSIONING OF LEASEHOLD IMPROVEMENTS				
Carrying amount at the beginning of the year	7,157	6,699	—	—
Provisions (reduced)/made	(126)	57	—	—
Notional interest	151	190	—	—
Net foreign currency differences on translation of foreign operations	377	211	—	—
Carrying amount at the end of the year	7,559	7,157	—	—

ONEROUS CONTRACTS

The onerous contracts provision related to a long term non-cancellable operating lease in respect of a hotel property and a cinema site in Germany that has been closed. In respect to the hotel lease, there had been a change in market conditions which had resulted in the lease being deemed onerous and a provision was raised for the forecast net deficit resulting from obligations under the lease. Both the hotel and cinema leases were concluded during the financial year and no onerous contracts provision remains at 30 June 2009. For further detail on the basis of accounting, refer Note 1(q)(ii).

INSURANCE LOSS CONTINGENCIES AND OTHER CLAIMS

The 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

The decommissioning of leasehold improvements provision has been raised in respect of “make-good” obligations under long term lease contracts for 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 1(q)(iii).

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 25 – OTHER LIABILITIES					
CURRENT					
Derivatives at fair value	28	1,221	13	—	—
Contract deposits received in advance		7,252	—	—	—
		8,473	13	—	—
NON-CURRENT					
Derivatives at fair value	28	840	—	—	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group		Company	
	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
NOTE 26 – SHARE CAPITAL				
SHARE CAPITAL				
Fully paid ordinary shares	130,396,203	129,136,106	101,353	98,809
MOVEMENTS IN SHARE CAPITAL				
Balance at the beginning of the year	129,136,106	128,085,624	98,809	97,030
Shares issued under the Management Share Option Plan	733,500	577,300	2,544	1,779
Performance shares issued under the Executive Performance Share Plan	526,597	473,182	–	–
Balance at the end of the year	130,396,203	129,136,106	101,353	98,809
SHARE CAPITAL CONSISTS OF:				
Ordinary shares	128,987,262	128,125,334		
Employee share plan	176,520	177,220		
Tax exempt share plan	18,455	14,948		
Performance shares – restricted and held in trust	1,213,966	818,604		
Balance at the end of the year	130,396,203	129,136,106		

ORDINARY SHARES

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.

SHARE BUY-BACK

There is no current on-market buy-back.

DIVIDEND REINVESTMENT PLAN

The dividend reinvestment plan has been suspended since 1993.

EMPLOYEE AND EXECUTIVE SHARE PLANS

Information relating to the plans is set out in Note 29.

OPTIONS

Information relating to the Management Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 29.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 27 – RESERVES AND RETAINED EARNINGS				
RESERVES				
Available-for-sale investments revaluation	6,598	7,471	6,598	7,471
Investment property revaluation	3,820	3,553	–	–
Hedging	(1,473)	380	–	–
Share-based payments	4,581	3,012	4,581	3,012
Foreign currency translation	(7,359)	(9,239)	–	–
	6,167	5,177	11,179	10,483
MOVEMENTS IN RESERVES				
AVAILABLE-FOR-SALE INVESTMENTS REVALUATION RESERVE				
Balance at the beginning of the year	7,471	9,628	7,471	9,628
Movement in fair value – net of tax	(873)	(2,157)	(873)	(2,157)
Balance at the end of the year	6,598	7,471	6,598	7,471
INVESTMENT PROPERTY REVALUATION RESERVE				
Balance at the beginning of the year	3,553	3,553	–	–
Transfer on reclassification of property to investment property	267	–	–	–
Balance at the end of the year	3,820	3,553	–	–
HEDGING RESERVE				
Balance at the beginning of the year	380	1,172	–	–
Movement in fair value of cash flow hedging instruments – net of tax	(1,853)	(1,208)	–	–
Transfer to retained earnings	–	416	–	–
Balance at the end of the year	(1,473)	380	–	–
SHARE-BASED PAYMENTS RESERVE				
Balance at the beginning of the year	3,012	1,444	3,012	1,444
Amount recognised in Income Statement as employee expense	1,258	1,410	569	977
Amount charged to related entities	166	76	855	509
Other adjustments	145	82	145	82
Balance at the end of the year	4,581	3,012	4,581	3,012
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at the beginning of the year	(9,239)	(4,374)	–	–
Currency translation adjustment on controlled foreign entities' financial statements	(290)	(2,916)	–	–
Share of increment/(decrement) on foreign currency translation reserve of associates' net assets	2,228	(1,788)	–	–
Transfer to retained earnings	(58)	(161)	–	–
Balance at the end of the year	(7,359)	(9,239)	–	–

AVAILABLE-FOR-SALE INVESTMENTS REVALUATION RESERVE

This reserve includes the cumulative net change in the fair value of available-for-sale investments. 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 fair value of the property at the date of reclassification.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 27 – RESERVES AND RETAINED EARNINGS (CONTINUED)

HEDGING RESERVE

The hedging 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 management share options not exercised and the fair value of the executive performance shares which have been recognised as an employee expense in the Income Statement.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation 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 the foreign currency translation reserve. Refer to accounting policy Note 1(d).

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
RETAINED EARNINGS				
Balance at the beginning of the year	460,832	398,981	89,750	84,991
Transfer from hedging reserve	—	(416)	—	—
Transfer from foreign currency translation reserve	58	161	—	—
Profit attributable to members of the Company	69,483	99,369	59,962	42,022
Dividends paid during the year	(38,898)	(37,263)	(38,898)	(37,263)
Balance at the end of the year	491,475	460,832	110,814	89,750

NOTE 28 – FINANCIAL RISK MANAGEMENT

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

- credit risk;
- liquidity risk; and
- market risk, including currency risk and interest rate risk.

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 Company and 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 Company's and Group's activities.

The Audit 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 Committee is assisted in its oversight role by the Internal Auditor. The Internal Auditor undertakes reviews of risk management controls and procedures in accordance with an annual plan approved by the Audit Committee. The results of these Internal Audit reviews are reported to the Audit 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 from customers. For the Company, it arises principally from receivables due from subsidiaries.

TRADE AND OTHER RECEIVABLES

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk.

Exposure to credit risk is monitored on an ongoing basis. Management has established a credit policy under which each new customer requiring credit over a certain amount is analysed individually for creditworthiness before the Group's standard payment and conditions are offered. Purchase limits are established for major customers, which represents the maximum open amount without requiring additional approval from management.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main component of this allowance relates to exposures for specific debtors.

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)**INVESTMENTS**

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 the balance sheet date, 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 Balance Sheet.

GUARANTEES

All guarantees are in respect of obligations of subsidiaries, associates or jointly controlled entities in which the Group has an interest. Details of guarantees given by the Company and the Group are provided in Notes 31 and 32.

THE GROUP'S EXPOSURE

The Group's maximum exposure to credit risk at the reporting date was:

	Note	The Group	
		2009 \$'000	2008 \$'000
Available-for-sale financial assets	15	9,362	10,610
Receivables	11	38,886	35,007
Cash and cash equivalents	10	23,227	28,472
Security deposits in respect of long term leases	20	5,062	4,985
Operating lease payments paid in advance	20	1,588	–
Interest rate swaps used for hedging	13	–	372
Forward exchange contracts used for hedging	13	–	25
		78,125	79,471

The maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	The Group	
	2009 \$'000	2008 \$'000
Domestic	31,314	25,059
New Zealand	826	1,207
Germany and other Euro-zone countries	6,422	8,728
United Kingdom	10	13
Other	314	–
	38,886	35,007

The maximum exposure to credit risk for receivables by business segment at the reporting date was:

	2009	2008
	\$'000	\$'000
Cinema Exhibition	10,881	15,546
Hotels	7,250	7,577
Thredbo Alpine Resort	1,016	574
Leisure/Attractions	283	298
Property	1,438	2,924
Entertainment Technology	13,229	3,701
Other	4,789	4,387
	38,886	35,007

THE COMPANY'S EXPOSURE

The Company's maximum exposure to credit risk at the reporting date was \$188,742,000 (2008: \$192,431,000) for loans and receivables.

This exposure is limited to Australia. Subsidiaries account for \$188,389,000 (2008: \$191,725,000) of the Company's receivables carrying amount.

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. Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a number of counterparties. Bank debt credit facilities available to the Group are detailed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

30 June 2009	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	Between 6 to 12 months \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
NON-DERIVATIVE FINANCIAL LIABILITIES							
Secured bank loans	67,793	(78,707)	(1,993)	(1,288)	(3,524)	(71,902)	–
Unsecured loans from other companies	–	–	–	–	–	–	–
Unsecured loans from associates	901	(1,542)	(29)	(30)	(63)	(199)	(1,221)
Secured loans from other companies	–	–	–	–	–	–	–
Finance lease liability	9,827	(10,233)	(2,645)	(2,645)	(4,943)	–	–
Non-interest bearing loans from other companies unsecured	2,183	(2,183)	(176)	(176)	(361)	(611)	(859)
Trade payables	30,622	(30,622)	(30,622)	–	–	–	–
Other creditors and accruals	46,694	(46,694)	(46,694)	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES/(ASSETS)							
Interest rate swaps used for hedging (net)	1,983	(2,005)	(808)	(600)	(527)	(70)	–
Forward exchange contracts used for hedging (net)	78	(78)	(78)	–	–	–	–
	160,081	(172,064)	(83,045)	(4,739)	(9,418)	(72,782)	(2,080)
30 June 2008	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	Between 6 to 12 months \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
NON-DERIVATIVE FINANCIAL LIABILITIES							
Secured bank loans	19,773	(24,612)	(818)	(6,510)	(1,115)	(16,169)	–
Unsecured loans from other companies	393	(409)	(409)	–	–	–	–
Unsecured loans from associates	848	(1,447)	(42)	(38)	(73)	(215)	(1,079)
Secured loans from other companies	458	(460)	(460)	–	–	–	–
Finance lease liability	14,090	(15,777)	(2,778)	(2,532)	(5,090)	(5,377)	–
Non-interest bearing loans from other companies unsecured	2,512	(2,512)	(185)	(185)	(331)	(726)	(1,085)
Trade payables	30,930	(30,930)	(30,930)	–	–	–	–
Other creditors and accruals	36,965	(36,965)	(36,965)	–	–	–	–
DERIVATIVE FINANCIAL LIABILITIES/(ASSETS)							
Interest rate swaps used for hedging (net)	(359)	362	131	97	134	–	–
Forward exchange contracts used for hedging (net)	(25)	25	25	–	–	–	–
	105,585	(112,725)	(72,431)	(9,168)	(6,475)	(22,487)	(2,164)

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

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

THE COMPANY'S FINANCIAL LIABILITIES

The contractual maturities of the Company'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 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000
30 June 2009							
NON-DERIVATIVE FINANCIAL LIABILITIES							
Other creditors and accruals	1,165	1,165	1,165	–	–	–	–
30 June 2008							
NON-DERIVATIVE FINANCIAL LIABILITIES							
Loans from controlled entities	14,153	(14,153)	–	–	(14,153)	–	–
Other creditors and accruals	766	(766)	(766)	–	–	–	–
	14,919	(14,919)	(766)	–	(14,153)	–	–

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest 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, while optimising the return.

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

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 time frames out to 5 years.

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

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
FIXED RATE INSTRUMENTS				
Financial assets	–	–	–	–
Financial liabilities	–	(1,092)	–	–
	–	(1,092)	–	–
VARIABLE RATE INSTRUMENTS				
Financial assets	21,341	26,712	189,575	181,070
Financial liabilities	(78,521)	(34,432)	–	(14,153)
	(57,180)	(7,720)	189,575	166,917

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

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, forward rate agreements and interest rate options. 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 including long term finance leases, 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. The Group currently hedges interest bearing debt in AUD, EUR and NZD with cover at 30 June 2009 extending to September 2012 in AUD to December 2010 in EUR and September 2011 in NZD. At 30 June 2009, the Group had 64% (2008: 52%) of debt hedged.

The Group classifies interest rate swaps as cash flow hedges and states them at fair value in the Balance Sheet.

Details on the major components of the Group's interest bearing liabilities is disclosed in Note 23.

SENSITIVITY ANALYSIS

SENSITIVITY ANALYSIS FOR FIXED RATE INSTRUMENTS

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Group's derivatives (interest rate swaps) qualify for hedge accounting and the effective movement in their fair value is accounted for in equity in the hedge reserve. Therefore a change in interest rates at the reporting date would not affect the profit for the period.

At 30 June 2009, if prevailing market interest rates had moved by +/- 1% (100 basis points) per annum from year end rates, the affect on our post tax profit and equity, assuming all other variables remain constant, would have been as illustrated below:

	Profit		Equity (hedging reserve)	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
2009				
Variable rate instruments	(382)	382	—	—
Interest rate swaps	346	(346)	490	(504)
	(36)	36	490	(504)
2008				
Variable rate instruments	(50)	50	—	—
Interest rate swaps	128	(128)	100	(103)
	78	(78)	100	(103)

The movements in profit are due to higher/lower interest costs from variable rate debt, net a interest rate swaps, and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges, net of tax. The sensitivity is higher in 2009 than in 2008 due to an increase in borrowings.

There would be no impact on the Company's post tax profit or equity.

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) and Euro (EUR). Transactions undertaken by Group entities are primarily denominated in AUD, NZD, EUR and US dollars.

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.

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	30 June 2009				30 June 2008			
	EUR \$'000	NZD \$'000	USD \$'000	GBP \$'000	EUR \$'000	NZD \$'000	USD \$'000	GBP \$'000
Cash and cash equivalents	51	306	159	120	856	122	—	—
Trade receivables	—	166	—	—	—	261	—	—
Secured bank loans	—	(16,093)	—	—	—	(7,931)	—	—
Trade payables	—	(66)	—	—	—	(394)	—	—
Gross balance sheet exposure	51	(15,687)	159	120	856	(7,942)	—	—
Interest rate swaps	—	(638)	—	—	—	(13)	—	—
Forward exchange contracts	—	—	(78)	—	—	25	138	—
	—	(638)	(78)	—	—	12	138	—
Net exposure	51	(16,325)	81	120	856	(7,930)	138	—

The Company has no exposure to foreign currency risk.

SENSITIVITY ANALYSIS

A 10% strengthening/weakening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) Group equity and profit (pre-tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	The Group		Company	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
2009				
AUD/USD +10%	(24)	—	—	—
AUD/USD -10%	9	—	—	—
AUD/NZD +10%	1,484	—	—	—
AUD/NZD -10%	(1,814)	—	—	—
AUD/EUR +10%	(5)	—	—	—
AUD/EUR -10%	5	—	—	—
AUD/GBP +10%	(12)	—	—	—
AUD/GBP -10%	12	—	—	—
2008				
AUD/USD +10%	(6)	—	—	—
AUD/USD -10%	7	—	—	—
AUD/NZD +10%	722	—	—	—
AUD/NZD -10%	(882)	—	—	—
AUD/EUR +10%	(78)	—	—	—
AUD/EUR -10%	96	—	—	—
AUD/GBP+10%	—	—	—	—
AUD/GBP -10%	—	—	—	—

HEDGING OF NET INVESTMENT IN FOREIGN SUBSIDIARIES

The Group's NZD denominated bank loan is designated as a hedge of the Group's investment in its subsidiaries in New Zealand. The carrying amount of the loan at 30 June 2009 was \$16,093,000 (2008: \$7,931,000). A foreign exchange loss of \$42,000 (2008: gain of \$1,767,000) was recognised in equity on translation of the loan to AUD.

The majority of the movement in the AUD/NZD sensitivity analysis in the table above is attributed to movements in the holding value of this NZD bank loan (and associated interest rate swaps). This movement would have an opposite movement in the AUD holding value of the underlying hedged investment in New Zealand.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUES

The fair values of financial assets and liabilities together with their carrying amounts shown in the Balance Sheet are as follows:

	Note	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
THE GROUP					
Cash and cash equivalents	10	23,227	23,227	28,472	28,472
Trade and other receivables	11	38,556	38,556	34,658	34,658
Present value of loans provided under the employee share plan	11	330	330	349	349
Other financial assets	14	312	312	502	502
Available-for-sale financial assets	15	9,362	9,362	10,610	10,610
Investment properties	18	29,600	29,600	28,500	28,500
Security deposits – operating leases	20	5,062	5,062	4,985	4,985
Bank loans	22	(67,055)	(67,793)	(18,787)	(19,773)
Finance lease liabilities	22	(9,827)	(9,827)	(14,090)	(14,090)
Loans from associates	22	(901)	(901)	(848)	(848)
Loans from other companies	22	(2,183)	(2,183)	(3,363)	(3,363)
Payables	21	(77,318)	(77,318)	(67,897)	(67,897)
Interest rate swaps:					
Assets	13	–	–	372	372
Liabilities	25	(1,983)	(1,983)	(13)	(13)
		(1,983)	(1,983)	359	359
Forward exchange contracts:					
Assets	13	–	–	25	25
Liabilities	25	(78)	(78)	–	–
		(78)	(78)	25	25
		(52,896)	(53,634)	3,475	2,489
COMPANY					
Cash and cash equivalents	10	1,186	1,186	176	176
Receivable from controlled entities	11	188,389	188,389	191,725	191,725
Other receivables	11	23	23	357	357
Loans provided under the employee share plan	11	330	330	349	349
Available-for-sale financial assets	15	9,362	9,362	10,610	10,610
Payables	21	(1,165)	(1,165)	(766)	(766)
		198,125	198,125	202,451	202,451

ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above:

QUOTED INVESTMENTS

Fair value is determined by reference to the securities exchange quoted market prices at close of business on the balance sheet date, without any deduction for transaction costs.

DERIVATIVES

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 balance date. The system uses discounted cash flow techniques to value financial instruments.

NOTE 28 – FINANCIAL RISK MANAGEMENT (CONTINUED)**INTEREST BEARING LOANS AND BORROWINGS**

Fair value is calculated based on discounted expected future principal and interest cash flows.

FINANCE LEASE LIABILITIES

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for similar lease arrangements. The estimated fair value reflects the assessed current interest rate for a similar lease where this rate has been determined to be different from the rate charged.

TRADE AND OTHER RECEIVABLES/PAYABLES

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value where an appropriate rate of interest is not received/charged in respect of the amount.

INTEREST RATES USED FOR DETERMINING FAIR VALUE

The Group uses a bank quoted interest rate swap curve as of 30 June 2009 plus assessed risk factors/credit spread to discount financial instruments.

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 the total of shareholders' equity and long term debt. The Board also monitors the Group's gearing ratio, being net debt divided by the total of shareholders' equity.

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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 29 – EMPLOYEE BENEFITS					
EMPLOYEE BENEFITS					
Aggregate liability for employee benefits including on-costs:					
Current					
Employee benefits provision	24	11,932	10,794	2,262	1,581
Non-current					
Employee benefits provision	24	2,019	1,988	175	170
		13,951	12,782	2,437	1,751

MANAGEMENT SHARE OPTION PLAN

There were no options granted during the current or previous financial year.

There are no unissued ordinary shares of the Company under option at 30 June 2009.

During the year, employees exercised options to acquire 733,500 (2008: 577,300) fully paid ordinary shares at a weighted average exercise price of \$3.47 (2008: \$3.08).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 29 – EMPLOYEE BENEFITS (CONTINUED)

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price	Balance at the start of the year Number	Exercised Number	Expired Number	Balance at the end of the year Number	Exercisable at the end of the year Number
THE GROUP AND PARENT ENTITY – 2009							
11 December 2003	30 September 2008	\$3.35	463,500	(453,500)	(10,000)	–	–
17 June 2004	30 September 2008	\$3.14	30,000	(30,000)	–	–	–
16 September 2004	30 September 2008	\$3.72	250,000	(250,000)	–	–	–
Total			743,500	(733,500)	(10,000)	–	–
Weighted average exercise price			\$3.47	\$3.47	\$3.35	–	–
THE GROUP AND PARENT ENTITY – 2008							
20 November 2003	30 September 2008	\$2.75	250,000	(250,000)	–	–	–
11 December 2003	30 September 2008	\$3.35	770,800	(307,300)	–	463,500	463,500
17 June 2004	30 September 2008	\$3.14	50,000	(20,000)	–	30,000	30,000
16 September 2004	30 September 2008	\$3.72	250,000	–	–	250,000	250,000
Total			1,320,800	(577,300)	–	743,500	743,500
Weighted average exercise price			\$3.30	\$3.08	–	\$3.47	\$3.47

MANAGEMENT SHARE OPTIONS GRANTED ON OR AFTER 5 FEBRUARY 2002 WHICH HAD AN EXPIRY DATE OF 30 SEPTEMBER 2008

These options vested on 30 September 2006. Since vesting, 2,547,500 options have been exercised to acquire fully paid ordinary shares up to 30 September 2008.

The ability to exercise these options was conditional on the Group achieving certain performance hurdles relating to increases in operating profit (5% per annum), earnings per share (5% per annum) and the market value of the Company's share price (10% per annum). The performance hurdles were evaluated in September 2006 and it was determined that all the relevant applicable hurdles had been achieved.

EXECUTIVE PERFORMANCE SHARE PLAN

The establishment of the Executive Performance Share Plan was approved by shareholders at the 2006 Annual General Meeting. Employees receiving awards under the Executive Performance Share Plan are 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, they remain in the trust (refer Note 1(s)(i)) until the earliest of the employee leaving the Group, the tenth 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.

Set out below is a summary of performance shares awarded under the plan:

Type of right	Grant date	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of year Number
THE GROUP AND PARENT ENTITY – 2009						
Performance shares	23 Feb 2009	–	526,597	–	–	526,597
Performance shares	18 Feb 2008	473,182	–	115,831	–	357,351
Performance shares	19 Feb 2007	345,422	–	15,404	–	330,018
THE GROUP AND PARENT ENTITY – 2008						
Performance shares	18 Feb 2008	–	473,182	–	–	473,182
Performance shares	19 Feb 2007	345,422	–	–	–	345,422

The performance period is three years. During the year 131,235 performance shares were released from performance hurdle requirements and transferred to certain participants on an unrestricted basis. The Board approved transfer was part of the negotiated settlement on termination of the employment of eight employee participants. Other than as disclosed above, none of the performance shares awarded under the plan vested or became exercisable during the year.

NOTE 29 – EMPLOYEE BENEFITS (CONTINUED)

FAIR VALUE OF PERFORMANCE SHARES GRANTED

The assessed fair value at grant date of performance shares granted under the Executive Performance Share Plan during the year ended 30 June 2009 was \$4.34 (2008 issue: \$6.02) for those shares that have earning per share hurdles and \$3.80 (2008 issue: \$4.31) for those shares that have total shareholder return hurdles. The fair value of each performance share is estimated on the date of grant using a Monte Carlo model with the following weighted average assumptions used for each grant:

	Granted 23 Feb 09	Granted 18 Feb 08	Granted 19 Feb 07
Dividend yield	6.90%	5.48%	3.52%
Expected volatility	38%	30%	25%
Risk-free rate	3.10%	6.89%	6.00%
Expected life of incentive	3 years	3 years	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.

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 5,655 shares (2008: 8,344 shares).

EMPLOYEE SHARE PLAN

At 30 June 2009, the total shares issued under the plan was 176,520 (2008:177,220). There were no shares issued during the year. The plan is closed to new members and no offers have been made under the plan since 1998.

The market value of ordinary shares at 30 June 2009 was \$4.30 (2008: \$4.87).

Note 26 provides details of the movement in the ordinary share capital during the year.

SUPERANNUATION

The Company and controlled entities contribute to several defined contribution superannuation plans – refer also Note 1(r). The superannuation contributions recognised as an expense in the Income Statement are detailed below:

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Superannuation contributions recognised as an expense	6,627	6,091	275	259
NOTE 30 – COMMITMENTS AND LEASES				
CAPITAL EXPENDITURE COMMITMENTS				
Contracted but not provided for and payable:				
Within one year	23,594	12,774	–	–
OPERATING LEASE COMMITMENTS – AS LESSEE				
Future minimum operating lease rentals not provided for and payable:				
Within one year	99,234	97,889	230	230
Later than one year but not later than five years	345,868	341,427	134	364
Later than five years	435,664	460,741	–	–
	880,766	900,057	364	594

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. A Group subsidiary exercised its option under the head lease and entered into a new lease, on similar terms, for a further 50 years which commenced on 29 June 2007.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 30 – COMMITMENTS AND LEASES (CONTINUED)

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 \$2,482,000 (2008: \$1,535,000).

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
SUB-LEASE RECEIVABLES – AS LESSOR				
Future lease receivables in relation to sub-leases of property space under operating leases not recognised and receivable:				
Within one year	9,482	9,290	–	–
Later than one year but not later than five years	32,816	33,897	–	–
Later than five years	252,543	254,883	–	–
	294,841	298,070	–	–
OPERATING LEASES – AS LESSOR				
Future operating lease rentals for owned properties not recognised and receivable:				
Within one year	8,073	8,584	–	–
Later than one year but not later than five years	27,768	11,461	–	–
Later than five years	57,588	11,128	–	–
	93,429	31,173	–	–

The Group receives rental income from a number of properties, both owned and leased. With exception to sub-leases under the Thredbo head lease, leases are for periods ranging between one to 18 years and have varying terms, escalation clauses and renewal 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 sub-leases for shops. Long term accommodation sub-leases are typically for the period mirroring the head lease, which was renewed for a further 50 year period on 29 June 2007 (refer above).

		The Group		Company	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
FINANCE LEASE COMMITMENTS – AS LESSEE					
Finance lease rentals are payable as follows:					
Within one year		5,290	5,277	–	–
Later than one year but not later than five years		4,876	10,500	–	–
Later than five years		–	–	–	–
		10,166	15,777	–	–
Less: Future lease finance charges		(339)	(1,687)	–	–
		9,827	14,090	–	–
The present value of lease payments are as follows:					
Within one year		4,902	4,405	–	–
Later than one year but not later than five years		4,925	9,685	–	–
Later than five years		–	–	–	–
		9,827	14,090	–	–
Finance lease liabilities provided for in the accounts:					
Current	22	4,902	4,405	–	–
Non-current	22	4,925	9,685	–	–
Total lease liabilities		9,827	14,090	–	–

NOTE 30 – COMMITMENTS AND LEASES (CONTINUED)

Of the above lease, \$9,827,000 (2008: \$13,849,000) is in respect of land and buildings. The lease term is for a remaining three year period at the end of which time the controlled entity has an option to purchase the property at no additional cost. If the option was not exercised, a nominal value would be recovered over time in respect of the property.

In the prior year there was an amount of \$241,000 in respect of plant and equipment. This lease has now concluded.

FINANCE LEASE COMMITMENTS – AS LESSOR

Neither the Group nor the Company has finance lease or hire purchase arrangements in place where they act as a lessor.

NOTE 31 – CONTINGENT ASSETS AND LIABILITIES

Details of contingent liabilities and contingent assets which although considered remote the directors consider should be disclosed, are as follows:

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CONTINGENT LIABILITIES				
CONTROLLED ENTITIES				
The Company has guaranteed the obligations of some controlled entities in respect of a number of operating lease commitments				
The operating lease commitments not included in the Company's financial statements are due:				
Not later than one year	—	—	66,449	66,533
Later than one year but not later than five years	—	—	120,968	114,362
Later than five years	—	—	148,738	130,570
	—	—	336,155	311,465
The Company has guaranteed the Group's share of other commitments in respect of financing and other arrangements of certain controlled entities:	—	—	2,382	7,782
The Company has guaranteed finance lease commitments of a controlled entity:	—	—	2,608	3,931
JOINTLY CONTROLLED ENTITIES				
Certain controlled entities have obligations in respect of the lease commitments for jointly controlled entities. Operating lease commitments of jointly controlled entities not included in the Group's financial statements, for which a controlled entity has obligations, are due:				
Not later than one year	39,052	38,823	—	—
Later than one year but not later than five years	142,166	141,251	—	—
Later than five years	192,878	220,343	—	—
	374,096	400,417	—	—
In addition, the Company has guarantees in respect of the lease commitments of certain jointly controlled entities. Operating lease commitments of jointly controlled entities not included in the Group's financial statements, guaranteed by the Company, are due:				
Not later than one year	—	—	29,585	29,376
Later than one year but not later than five years	—	—	110,641	109,807
Later than five years	—	—	172,044	173,861
	—	—	312,270	313,044
	374,096	400,417	653,415	636,222

CLAIM FROM A DISPUTE OVER CONTRACT TERMS

During the prior financial year ended 30 June 2008, a Group entity received a claim, resulting from a dispute over contract terms, seeking recovery of past payments made totalling \$4,141,000, plus interest and legal costs. A provision has not been established for this amount as the success of the claim is not currently considered probable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 31 – CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

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 or the Company 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.

CONTINGENT ASSETS

TAXATION – OVERSEAS CONTROLLED ENTITIES

A contingent asset exists at 30 June 2009 totalling approximately \$11,824,000 (2008: \$7,950,000) relating to disputed value-added tax provided for or paid by certain overseas controlled entities on a number of products sold during the period since 1 January 2005.

NOTE 32 – 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 a directors' report.

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:

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

A consolidated Income Statement and consolidated Balance Sheet, 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 2009 are set out as follows:

	2009 \$'000	2008 \$'000
INCOME STATEMENT		
Profit before tax	77,826	77,376
Income tax expense	(20,846)	(19,213)
Profit after income tax but before discontinued operations	56,980	58,163
Discontinued operations	3,855	40,092
Profit after income tax and discontinued operations	60,835	98,255
Retained earnings at the beginning of the year	454,337	393,600
Transfer from reserves	58	(255)
Dividends paid during the year	(38,898)	(37,263)
Retained earnings at the end of the year	476,332	454,337

	2009 \$'000	2008 \$'000
NOTE 32 – DEED OF CROSS GUARANTEE (CONTINUED)		
BALANCE SHEET		
Cash and cash equivalents	14,175	22,604
Receivables	26,638	20,347
Inventories	11,273	9,420
Other	506	2,943
Total current assets	52,592	55,314
Receivables	516	653
Loans to controlled entities	44,261	–
Investments in controlled entities	73,960	73,742
Other financial assets	310	500
Available-for-sale financial assets	9,362	10,610
Investments accounted for using the equity method	98,501	102,974
Property, plant and equipment	424,378	400,467
Investments properties	29,600	28,500
Goodwill and other intangible assets	9,606	10,109
Deferred tax assets	8,467	4,399
Other	4,196	1,892
Total non-current assets	703,157	633,846
Total assets	755,749	689,160
Payables	33,627	26,155
Current tax liabilities	10,533	24,860
Provisions	10,972	10,073
Deferred revenue	26,184	21,466
Other	8,473	13
Total current liabilities	89,789	82,567
Payables	2	2
Loans from controlled entities	–	5,704
Interest bearing liabilities and borrowings	67,214	24,892
Deferred tax liabilities	–	2,013
Provisions	2,854	2,959
Deferred revenue	2,503	1,878
Other	797	–
Total non-current liabilities	73,370	37,448
Total liabilities	163,159	120,015
Net assets	592,590	569,145
EQUITY		
Share capital	101,353	98,809
Reserves	14,905	15,999
Retained earnings	476,332	454,337
Total equity	592,590	569,145

NOTE 33 – ACQUISITION AND DISPOSAL OF BUSINESSES AND SUBSIDIARIES**(A) ACQUISITION**

There were no acquisitions of subsidiaries during the year to 30 June 2009 or in the prior year.

(B) DISPOSAL

There were no disposals of subsidiaries during the year to 30 June 2009 or in the prior year.

	Ownership interest			Ownership interest		
	Note	2009 %	2008 %	Note	2009 %	2008 %
COMPANY (PARENT ENTITY)						
Amalgamated Holdings Limited				GUO Investments (WA) Pty Limited	100	100
SUBSIDIARIES				Gutace Holdings Pty Limited	100	100
AHL Administration Pty Limited		100	100	Haparanda Pty Limited	100	100
Amalgamated Holdings Superannuation Fund Pty Limited		100	100	Haymarket's Tivoli Theatres Pty Limited	100	100
Ancona Investments Pty Limited		100	100	Kidsports Australia Pty Limited	100	100
Birch, Carroll & Coyle Limited		100	100	Kosciuszko Thredbo Pty Limited	100	100
BLN Hotels Property Unit Trust		100	100	KTPL Unit Trust	100	100
Bryson Centre Unit Trust		100	100	Kvarken Pty Limited	100	100
Bryson Hotel Property Unit Trust		100	100	Lakeside Hotel Property Unit Trust	100	100
Bryson Hotel Pty Limited		100	100	Lakeside Hotel Pty Limited	100	100
Canberra Theatres Limited		100	100	Lakeside International Hotel Unit Trust	100	100
Cinema Facility Management GmbH	(a)(f)	51	51	Mamasa Pty Limited	100	100
Cinema Management Services GmbH	(a)(f)	100	—	Multiplex Cinemas Magdeburg GmbH	(a)(f)	100
Digital Cinema Integration Partners Pty Limited		100	100	Multiplex Cinemas Oberhausen GmbH	(a)(f)	100
Edge Digital Technology Pty Limited		100	100	Neue Filmpalast Erste GmbH & Co. KG	(a)(f)	100
Edge Investments BV	(a)(e)	100	100	Neue Filmpalast Erste Verwaltungs GmbH	(a)(f)	100
Elsternwick Properties Pty Limited		100	100	Neue Filmpalast GmbH & Co. KG	(a)(f)	100
Featherdale Farm & Aviaries Pty Limited		100	100	Neue Filmpalast Management GmbH	(a)(f)	100
Featherdale Holdings Pty Limited		100	100	Noahs Hotels (NZ) Limited	(a)(d)	100
Filmlab Engineering Pty Limited		100	100	Noahs Limited	100	100
Filmpalast am ZKM Karlsruhe Beteiligungs GmbH	(a)(f)	100	100	Northside Gardens Hotel Property Unit Trust	100	100
Filmpalast Konstanz Beteiligungs GmbH	(a)(f)	100	—	Northside Gardens Hotel Pty Limited	100	100
Glenelg Theatres Pty Limited		100	100	Pantami Pty Limited	100	100
Greater Entertainment Pty Limited		100	100	Red Carpet Event GmbH	(a)(f)	100
Greater Occasions Australia Pty Limited		100	100	RQ Motels Pty Limited	100	100
Greater Union Betriebsmittel GmbH	(a)(f)	100	100	Rydges Bankstown Pty Limited	100	100
Greater Union Filmpalast Dortmund GmbH	(a)(f)	100	100	Rydges Cronulla Pty Limited	100	100
Greater Union Filmpalast GmbH	(a)(f)	100	100	Rydges GCI Pty Limited	100	100
Greater Union Filmpalast Rhein-Main GmbH	(a)(f)	100	100	Rydges Hobart Hotel Property Unit Trust	100	100
Greater Union Holdings Limited	(b)	100	100	Rydges Hobart Hotel Pty Limited	100	100
Greater Union International BV	(a)(e)	100	100	Rydges Hotels Limited	100	100
Greater Union International GmbH	(f)	100	100	Rydges Hotels Resorts Asia Pte Limited	(g)	100
Greater Union International Holdings Pty Limited		100	100	Rydges Queenstown Hotel Limited	(a)(d)	100
Greater Union Limited	(c)	100	100	Sabaya Port Douglas Pty Limited	100	100
Greater Union Screen Entertainment Pty Limited		100	100	Sonata Hotels Pty Limited	100	100
Greater Union Theaters GmbH	(a)(f)	100	100	Tannahill Pty Limited	100	100
Greater Union Theaters Dritte GmbH & Co. KG	(a)(f)	100	—	The Geelong Theatre Company Limited	100	100
Greater Union Theaters Dritte Verwaltungs GmbH	(a)(f)	100	—	The Greater Union Organisation Pty Limited	100	100
Greater Union Theaters Mainz GmbH & Co. KG	(a)(f)	100	100	Thredbo Resort Centre Pty Limited	100	100
Greater Union Theaters Management Mainz GmbH	(a)(f)	100	100	Tobeeon Pty Limited	100	100
Greater Union Theaters Zweite GmbH & Co. KG	(a)(f)	100	100	Tourism & Leisure Pty Limited	100	100
Greater Union Theaters Verwaltungs GmbH	(a)(f)	100	100	Turmpalast Frankfurt GmbH & Co. KG	(a)(f)	100
Greater Union Theaters Zweite Verwaltungs GmbH	(a)(f)	100	100	Turmpalast Frankfurt Management GmbH	(a)(f)	100
Greattheatre Pty Limited		100	100	Vierte Kinoabspielstätten GmbH & Co. KG	(a)(f)	100
				Vierte Kinoabspielstätten Verwaltungs GmbH	(a)(f)	100
				Western Australia Cinemas Pty Limited	100	100
				Zollverein Pty Limited	100	100
				Zweite Kinoabspielstätten GmbH & Co. KG	(a)(f)	100
				Zweite Kinoabspielstätten Verwaltungs GmbH	(a)(f)	100

(e) These companies were incorporated in and carry on business in The Netherlands.

(f) These companies were incorporated in and carry on business in Germany.

(g) This company was incorporated in and carries on business in Singapore.

(g) This company was incorporated in and carries on business in Singapore.

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

NOTE 35 – INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

Name	Principal activities	Interest		Investment carrying amount		Contribution to operating profit	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Atlab Holdings Pty Limited	Multiple copy film release printing and post-production facility	^(f) 50	^(f) 50	—	1,500	—	(4,084)
Cinesound Movietone Productions Pty Limited	Film owner and distributor	50	50	154	247	7	72
Greater Union Kieft BV	Film exhibitor	^(b) —	^(e) 50	—	277	—	7,126
MAF Greater Union LLC	Film exhibitor	49	49	14,212	10,867	11,085	7,683
Roadshow Distributors Pty Limited	Film distributor	^(d) —	^(d) —	—	—	—	2,115
Rydges Rotorua Hotel Limited	Hotel owner	25	25	1,938	1,809	104	(10)
				16,304	14,700	11,196	12,902
Less/(plus): Discontinued Operations (Note 5)							
Atlab Holdings Pty Limited						—	(4,084)
Roadshow Distributors Pty Limited						—	2,115
						—	(1,969)
						11,196	14,871

(a) Dividends received from associates for the year ended 30 June 2009 by the Group amount to \$10,160,000 (2008: \$14,457,000).

(b) MAF Greater Union LLC was incorporated in the United Arab Emirates. Greater Union Kieft BV was incorporated in The Netherlands and has been wound up during the year. All other associates were incorporated in Australia.

(c) The balance date of all associates is 30 June, with the exception of MAF Greater Union LLC which has a balance date of 31 December.

(d) The interest in this associate was disposed of during the 2008 financial year.

(e) The Group through its 50% interest in Greater Union Kieft BV, held a 33.3% interesting a cinema site in The Netherlands. This interest was sold effective 20 February 2008, resulting in a profit on sale of \$6,691,000.

(f) In the year to 30 June 2008 the Company and the Group recognised impairment losses against the carrying values of their 50% interest in the Atlab Holdings Pty Limited ("Atlab"). In the Company's financial statements the investment in Atlab was accounted for at cost, where as in the Group financial statements the investment was accounted for using the equity method. This resulted in different impairment losses being recognised in the Group and the Company's financial statements in the prior year. In the Group financial statements the investment in Atlab was written down by \$4,253,000, whereas in the Company financial statements an impairment loss of \$12,250,000 was recognised. On 26 September 2008 the Company and the Group sold their 50% shareholding in Atlab Holdings Pty Limited for \$1,500,000, being the carrying value at 30 June 2008.

	The Group	
	2009 \$'000	2008 \$'000
SUMMARISED FINANCIAL INFORMATION RELATING TO ASSOCIATES		
The Group's share of aggregate assets, liabilities, revenues and net profit of associates is as follows:		
Revenues – as reported by associates	71,154	73,402
Net profit – as reported by associates	11,196	17,155
Net profit – equity adjusted	11,196	12,902

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group	
	2009 \$'000	2008 \$'000
NOTE 35 – INVESTMENTS IN ASSOCIATES (CONTINUED)		
Current assets	13,538	21,689
Non-current assets	9,183	25,247
Total assets	22,721	46,936
Current liabilities	2,253	22,435
Non-current liabilities	1,557	3,019
Total liabilities	3,810	25,454
Net assets – as reported by associates	18,911	21,482
Adjustments arising from equity accounting:		
Foreign exchange translation	(2,607)	(2,529)
Other – impairment write-down	–	(4,253)
Net assets – equity adjusted	16,304	14,700
MOVEMENTS IN CARRYING AMOUNT OF ASSOCIATES		
Carrying amount of associates at the beginning of the year	14,700	85,146
Foreign currency translation movements	(71)	(2,045)
Share of associates' net profit	11,196	12,902
Distributions received from associates	(10,160)	(14,457)
Share of increment/(decrement) in associates' reserves	2,225	(1,788)
Disposal of associate	(1,586)	(65,058)
Carrying amount of associates at the end of the year	16,304	14,700
COMMITMENTS		
SHARE OF ASSOCIATES' CAPITAL EXPENDITURE COMMITMENTS CONTRACTED BUT NOT PROVIDED FOR OR PAYABLE:		
Not later than one year	–	1,469
Later than one year but not later than five years	–	–
	–	1,469
SHARE OF ASSOCIATES' OPERATING LEASE COMMITMENTS CONTRACTED BUT NOT PROVIDED FOR OR PAYABLE:		
Not later than one year	2,802	3,550
Later than one year but not later than five years	6,901	8,534
Later than five years	1,027	7,297
	10,730	19,381
SHARE OF ASSOCIATES' FINANCE LEASE COMMITMENTS CONTRACTED BUT NOT PROVIDED FOR OR PAYABLE:		
Not later than one year	–	2,456
Later than one year but not later than five years	–	392
Later than five years	–	–
	–	2,848
Less: Future lease finance charges	–	(450)
	–	2,398

SHARE OF ASSOCIATES' CONTINGENT LIABILITIES

Refer to Note 31.

NOTE 36 – INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Name	Principal activities	Nature of interest	Profit share		Investment carrying amount		Share of sales revenue		Contribution to operating profit	
			2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Share of joint venture assets	50	50	83,451	86,540	155,808	138,798	23,189	18,982
Browns Plains Multiplex Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	33	33	226	143	1,417	1,313	83	82
Castle Hill Multiplex Cinema Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	33	33	4,180	3,627	4,694	4,745	357	616
Casuarina Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	50	50	4,254	3,661	11,790	10,405	2,494	1,876
Filmpalast an ZKM Karlsruhe GmbH & Co KG	Operator of a multiscreen cinema complex	Equity share	(a) 50	(a) 50	2,452	2,160	11,385	7,448	1,592	1,053
Filmpalast an ZKM Konstanz GmbH & Co KG	Operator of a multiscreen cinema complex	Equity share	(a) 50	(a) 50	647	591	3,608	2,633	628	173
Garden City Cinema Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	33	33	2,972	2,966	4,517	4,207	1,016	845
Geelong Cinema Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	(b) 50	(b) 50	(284)	(75)	3,737	3,320	342	–
Jam Factory Cinema Operations Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	50	50	870	1,670	7,869	7,651	149	215
Southport 6 Cinemas Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	(c) 51	(c) 51	1,516	1,517	3,375	2,975	509	326
Toowoomba Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Share of joint venture assets	50	50	1,162	1,178	3,979	3,384	634	391
					101,446	103,978	212,179	186,879	30,993	24,559

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

(b) Provision for diminution in the value of the investment carrying amount has been raised against this entity in prior years.

(c) The joint venture is not consolidated as the Group does not have control and the power to govern financial and operating policies.

During the year, the cinema joint ventures purchased management and consulting services of \$5,554,000 (2008: \$5,371,000), capital equipment of \$2,078,000 (2008: \$nil), block and artwork of \$135,000 (2008: \$135,000) and other services of \$339,000 (2008: \$328,000) from the Group. These transactions were on normal commercial terms.

The Group		
	2009 \$'000	2008 \$'000
The Group's share of the jointly controlled entities' assets and liabilities consists of:		
Current assets	17,752	17,283
Non-current assets	76,445	78,454
Total assets	94,197	95,737
Current liabilities	18,667	17,542
Non-current liabilities	1,592	1,981
Total liabilities	20,259	19,523
Share of net assets	73,938	76,214

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	The Group	
	2009	2008
	\$'000	\$'000
NOTE 36 – INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)		
MOVEMENTS IN CARRYING AMOUNT OF JOINTLY CONTROLLED ENTITIES		
Carrying amount of jointly controlled entities at the beginning of the year	103,978	112,183
Net additional investments in jointly controlled entities	196	156
Share of profit	30,993	24,559
Gross distributions	(33,780)	(32,972)
Foreign currency translation movements	135	121
Amortisation of capitalised interest	(33)	(33)
Other	(43)	(36)
Carrying amount of jointly controlled entities at the end of the year	101,446	103,978

Refer to Note 31 for details of contingent liabilities.

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES

Information regarding individual directors' and executives' compensation and some equity instruments disclosures, as permitted by *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	35
Managing Director and executive remuneration	36
Fixed annual remuneration	36
Variable remuneration – short term incentive ("STI")	36
Variable remuneration – long term incentive ("LTI")	37
Employment contracts	38
Directors' position and period of responsibility	39
Directors' and executives' remuneration	40

DIRECTORS

The following persons were directors of Amalgamated Holdings Limited during the financial year:

Name	Position	Period of responsibility
AG Rydge	Non-executive director and Chairman	1 July 2008 to 30 June 2009
AJ Clark	Non-executive director and lead independent director	1 July 2008 to 30 June 2009
TC Ford	Non-executive director	1 July 2008 to 30 June 2009
RM Graham	Non-executive director	1 July 2008 to 30 June 2009
M Hellicar	Non-executive director	1 July 2008 to 23 April 2009
RG Newton	Non-executive director	1 July 2008 to 30 June 2009
DC Seargeant	Managing Director	1 July 2008 to 30 June 2009

OTHER KEY MANAGEMENT PERSONNEL

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position and employer	Period of responsibility
NC Arundel	Managing Director, Rydges Hotels Limited	1 July 2008 to 30 June 2009
GC Dean	Company Secretary, Amalgamated Holdings Limited	1 July 2008 to 30 June 2009
MR Duff	Director Commercial, Amalgamated Holdings Limited	1 July 2008 to 30 June 2009
HR Eberstaller	Managing Director AHL Strategic Investments, The Greater Union Organisation Pty Limited	1 July 2008 to 30 June 2009
RD Entwistle	Managing Director AHL Entertainment, The Greater Union Organisation Pty Limited	1 July 2008 to 7 February 2009
PW Horton	Director Finance & Accounting, Amalgamated Holdings Limited	1 July 2008 to 30 June 2009
KJ Kobishop	Corporate Director of Food and Beverage, Amalgamated Holdings Limited	15 September 2008 to 30 June 2009

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

All of the above persons, with the exception of KJ Kobishop who commenced employment with the Group on 15 September 2008, were also key management persons during the year ended 30 June 2008.

KEY MANAGEMENT PERSONNEL REMUNERATION

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

	The Group		The Company	
	2009 \$	2008 \$	2009 \$	2008 \$
EMPLOYEE BENEFITS				
Short-term	6,434,500	5,187,916	5,299,120	3,921,399
Other long-term	327,252	96,132	330,204	65,426
Termination benefits	123,750	—	—	—
Post-employment	124,342	132,307	90,296	93,168
Equity compensation	836,565	462,369	716,960	377,407
	7,846,409	5,878,724	6,436,580	4,457,400

OPTION HOLDINGS AND TRANSACTIONS

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

		Held at the beginning of the year	Granted	Exercised	Other ^(a)	Held at the end of the year	Vested and exercisable at 30 June
DIRECTOR							
DC Seargeant	2009	500,000	—	(500,000)	—	—	—
	2008	750,000	—	(250,000)	—	500,000	500,000
EXECUTIVES							
NC Arundel	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
GC Dean	2009	30,000	—	(30,000)	—	—	—
	2008	60,000	—	(30,000)	—	30,000	30,000
MR Duff	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
HR Eberstaller	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
RD Entwistle ^(b)	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
PW Horton	2009	45,000	—	(45,000)	—	—	—
	2008	100,000	—	(55,000)	—	45,000	45,000
KJ Kobishop ^(c)	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—

(a) This movement represents the balance of ordinary shares held at the relevant date, being the date of appointment to the executive position or termination from the Group.

(b) RD Entwistle ceased employment with the Group on 7 February 2009.

(c) KJ Kobishop commenced employment with the Group on 15 September 2008.

There are no outstanding options at 30 June 2009 (2008: 743,500). No options have been granted since the end of the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES (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 personnel, including their related parties, is as follows:

		Held at the beginning of the year	Granted	Forfeited	Held at the end of the year
DIRECTOR					
DC Seargeant	2009	200,000	140,000	—	340,000
	2008	100,000	100,000	—	200,000
EXECUTIVES					
NC Arundel	2009	20,711	23,491	—	44,202
	2008	5,972	14,739	—	20,711
GC Dean	2009	16,333	14,791	—	31,124
	2008	7,337	8,996	—	16,333
MR Duff	2009	26,616	23,027	—	49,643
	2008	12,183	14,433	—	26,616
HR Eberstaller	2009	10,954	—	—	10,954
	2008	4,982	5,972	—	10,954
RD Entwistle ^(a)	2009	34,314	—	34,314	—
	2008	15,938	18,376	—	34,314
PW Horton	2009	26,386	22,099	—	48,485
	2008	12,183	14,203	—	26,386
KJ Kobishop ^(b)	2009	—	100,000	—	100,000
	2008	—	—	—	—

(a) RD Entwistle ceased employment with the Group on 7 February 2009.

(b) KJ Kobishop commenced employment with the Group on 15 September 2008.

No performance shares have been granted since the end of the year. No performance shares were held by 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 key management personnel, including their related parties, is as follows:

		Held at the beginning of the year	Purchases	Received on exercise of options	Sales	Other ^(a)	Held at the end of the year
DIRECTORS							
AG Rydge (Chairman)	2009	57,704,154	275,000	—	—	—	57,979,154
	2008	57,704,154	—	—	—	—	57,704,154
AJ Clark	2009	40,000	10,000	—	—	—	50,000
	2008	40,000	—	—	—	—	40,000
TC Ford	2009	10,000	—	—	—	—	10,000
	2008	10,000	—	—	—	—	10,000
RM Graham	2009	10,626	—	—	—	—	10,626
	2008	10,626	—	—	—	—	10,626
M Hellicar ^(b)	2009	2,000	—	—	—	(2,000)	—
	2008	2,000	—	—	—	—	2,000
RG Newton ^(c)	2009	3,000	17,000	—	—	—	20,000
	2008	—	—	—	—	3,000	3,000
DC Seargeant	2009	470,500	—	500,000	(250,000)	—	720,500
(Managing Director)	2008	250,500	—	250,000	(30,000)	—	470,500

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

		Held at the beginning of the year	Purchases	Received on exercise of options	Sales	Other ^(a)	Held at the end of the year
EXECUTIVES							
NC Arundel	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
GC Dean	2009	45,500	—	30,000	—	—	75,500
	2008	25,500	—	30,000	(10,000)	—	45,500
MR Duff	2009	30,000	—	—	—	—	30,000
	2008	30,000	—	—	—	—	30,000
RD Entwistle ^(d)	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
HR Ebertstaller	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—
PW Horton	2009	45,000	—	45,000	(45,000)	—	45,000
	2008	30,000	—	55,000	(40,000)	—	45,000
KJ Kobishop ^(e)	2009	—	—	—	—	—	—
	2008	—	—	—	—	—	—

(a) This movement represents the balance of ordinary shares held at the relevant date, being the date of appointment to the executive position, commencement with the Group or termination from the Group.

(b) M Hellicar resigned 23 April 2009.

(c) RG Newton was appointed on 29 February 2008.

(d) RD Entwistle ceased employment with the Group on 7 February 2009.

(e) KJ Kobishop commenced employment with the Group on 15 September 2008.

No shares were granted to key management personnel during the financial reporting period as compensation in the year to 30 June 2009.

LOANS AND OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES**LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES**

There were no loans above \$10,000 outstanding at any time during the year with any key management personnel or their related parties.

OTHER TRANSACTIONS WITH THE COMPANY OR ITS CONTROLLED ENTITIES

AG Rydge and AJ Clark are directors 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 received during the year was \$33,100 (2008: \$31,774). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled \$427,524 (2008: \$402,318).

AG Rydge paid rent and levies to a controlled entity during the year amounting to \$19,011 (2008: \$18,294). A company associated with RM Graham paid rent and levies to a controlled entity during the year amounting to \$5,432 (2008: \$5,226). Rent is charged to AG Rydge and RM Graham at market rates.

A company associated with RG Newton paid hotel management fees to a controlled entity during the year amounting to \$178,563. RG Newton was appointed a director of the Company on 29 February 2008. Hotel management fees paid to a controlled entity during the period from 1 March 2008 to 30 June 2008 totalled \$63,391.

During the year, a controlled entity purchased management rights and an interest in the property known as Rydges Sabaya Resort from the vendor company associated with RG Newton. The purchase was concluded in June 2009 for a consideration of \$20,550,000.

Apart from the details disclosed in this note, no key management personnel has entered into a material contract with the Parent Entity or 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 Parent Entity or 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 38 – RELATED PARTIES

COMPANY

The Company or parent entity within the Group is Amalgamated Holdings Limited.

SUBSIDIARIES

Interest in subsidiaries are set out in Note 34.

	Company	
	2009 \$'000	2008 \$'000
The aggregate outstanding amounts at reporting date of loans between the Company and its wholly-owned subsidiaries and the revenue and expense items brought to account by the Company in relation to these loans during the year is as follows:		
Loans to controlled entities (non-current)	188,389	191,725
Loans from controlled entities (non-current)	–	14,153
Dividends from controlled entities	53,007	45,007
Interest received or due and receivable	6,468	27,896
Interest paid or due and payable	–	18,495
Management and consulting fees paid or due and payable	11,299	9,631
Current tax payable assumed from wholly-owned tax consolidated entities	20,120	44,882
Tax losses assumed from wholly-owned tax-consolidated entities at no consideration	–	–

LOANS

Loans between entities in the Group are repayable at 13 months notice. Interest is charged monthly at commercial rates of interest, based on the Company's average cost of funds.

MANAGEMENT FEES

The Company charges all Australian resident operating and wholly-owned controlled entities a management fee equal to 3% (2008: 3%) of net operating revenue for management services provided by directors and senior executives of the Company. In addition to this charge, other costs, including the employment costs for certain management staff, are recharged by the Company to wholly-owned controlled entities based on benefit derived or time spent.

ASSOCIATES

Interest received and paid on the loans to and from associates is shown in Notes 3 and 4.

Other transactions were:

- sale of management services at a cost of \$nil (2008: \$49,000);
- sale of management services to former associate – Atlab Holdings Pty Limited of \$250,000 (2008: \$500,000);
- receipt of property rentals from former associates of \$97,000 (2008: \$271,000);
- share based payment costs of \$166,000 (2008: \$76,000) recharged to an associate; and
- in the year to 30 June 2008, prior to the date of sale of the Group's interest in Roadshow Distributors Pty Limited, films to a value of \$1,582,000 were hired from Roadshow Distributors Pty Limited, on normal commercial terms.

RELATIONSHIPS WITH JOINTLY CONTROLLED ENTITIES

Refer to Notes 11, 16, 31, 33 and 36.

RENT OF PREMISES

The Company occupies premises owned by a wholly owned controlled entity, The Greater Union Organisation Pty Limited. The Company was not charged rent for these premises.

KEY MANAGEMENT PERSONNEL

Disclosures relating to directors and named executives are set out in Note 37.

	The Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 39 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES				
RECONCILIATION OF PROFIT AFTER INCOME TAX EXPENSE TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Profit after income tax expense	69,477	99,515	59,962	42,022
Adjustments for:				
Loss/(profit) on sale of non-current assets	366	(64,131)	—	—
Depreciation and carrying value adjustments	25,405	23,159	51	46
Amortisation and carrying value adjustments	5,227	5,354	45	58
Increase/(decrease) in provisions	759	(2,658)	686	416
(Decrease)/increase in income taxes payable	(13,446)	20,573	(35,654)	(18,597)
Fair value decrement	1,030	1,400	—	—
Share-based payments expense	1,258	1,409	569	977
Equity accounted investment decreases	43,744	47,430	—	—
Share of equity accounted investees' net profit	(42,189)	(37,461)	—	—
Impairment adjustments	5,811	—	—	12,250
Unrealised foreign exchange (gains)/losses	(89)	75	—	—
Net cash provided by operating activities before change in assets and liabilities	97,353	94,665	25,659	37,172
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired/disposed during the year:				
Intercompany revenue	—	—	(70,774)	(82,534)
Intercompany expense	—	—	—	18,495
(Increase)/decrease in receivables	(4,783)	3,489	353	(104)
Increase in inventories	(1,738)	(1,800)	—	—
(Increase)/decrease in other assets	(2,585)	1,796	—	—
Increase/(decrease) in creditors and accruals	8,343	(2,487)	399	368
Increase/(decrease) in deferred revenue	4,631	(585)	—	—
(Decrease)/increase in deferred tax items	(6,718)	6,641	—	—
Increase in other liabilities	7,252	—	—	—
Increase in borrowing costs payable	236	1,283	—	—
Net cash provided/(used) by operating activities	101,991	103,002	(44,363)	(26,603)

NOTE 40 – EVENTS SUBSEQUENT TO REPORTING DATE**DIVIDENDS**

For final dividends declared after 30 June 2009, see Note 8.

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - (a) the financial statements and notes, set out on pages 46 to 107, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report set out on pages 35 to 44, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company's and the Group's financial position as at 30 June 2009 and of their 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;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a); and
 - (c) 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 subsidiaries identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject 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 to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2009.

Signed in accordance with a resolution of the directors:



AG Rydge
Director



DC Seargeant
Director

Dated at Sydney this 20th day of August 2009.

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 balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 40 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position and of their performance.

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

- (a) the financial report of Amalgamated Holdings Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 35 to 44 of the Directors' Report for the year ended 30 June 2009. 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 2009 complies with section 300A of the Corporations Act 2001.



KPMG

20 August 2009



David Rogers
Partner

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 21 AUGUST 2009)

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
Enbearn Pty Limited	56,598,377 *
Carlton Investments Limited	56,588,377
Investors Mutual Limited	14,612,359
IOOF Holdings Limited	13,017,940
Maple-Brown Abbott Limited	8,184,982

* Includes Carlton Investments Limited holding.

VOTING RIGHTS

ORDINARY SHARES

There were 4,399 holders of ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 54 of the Company's Constitution, are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (a) at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney; and
- (b) on a show of hands, every person present who is a member or a representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share he holds or represents as the case may be."

OPTIONS

There were no outstanding options of the Company as at 21 August 2009.

DISTRIBUTION OF SHAREHOLDERS

	Ordinary shares	
	Number of shareholders	Number of shares held
1 – 1,000	2,239	1,026,751
1,001 – 5,000	1,332	3,583,558
5,001 – 10,000	373	2,823,350
10,001 – 100,000	416	10,157,440
100,001 and over	39	112,805,104
	4,399	130,396,203

The number of shareholders holding less than a marketable parcel is 141.

UNQUOTED ORDINARY SHARES

There were 1,408,941 unquoted ordinary shares issued pursuant to the employee share plans. The shares were held by 636 holders.

TWENTY LARGEST SHAREHOLDERS

The names of the 20 largest shareholders of the quoted shares are:

	Number of shares held	Percentage of capital held
Enbear Pty Limited	28,028,359	21.5
Eneber Investment Company Limited	16,045,906	12.3
RBC Dexia Investor Services Australia Nominees Pty Limited (Bkcust Account)	11,435,987	8.8
National Nominees Limited	10,915,904	8.4
RBC Dexia Investor Services Australia Nominees Pty Limited	8,176,982	6.3
HSBC Custody Nominees (Australia) Limited	5,279,325	4.0
The Manly Hotels Pty Limited	4,625,001	3.5
JP Morgan Nominees Australia Limited	4,453,476	3.4
Carlton Hotel Limited	4,262,225	3.3
Alphoeb Pty Limited	3,203,846	2.5
Citicorp Nominees Pty Limited	2,345,885	1.8
Mr Alan Graham Rydge	1,801,455	1.4
Cogent Nominees Pty Limited	1,580,803	1.2
Citicorp Nominees Pty Limited (CFSIL Cwlth Aust SHS 18 Account)	1,437,186	1.1
TN Phillips Investments Pty Limited	1,205,000	0.9
Sandhurst Trustees Limited (SISF Account)	1,115,527	0.9
Australian United Investment Company Limited	1,000,000	0.8
Argo Investments Limited	752,392	0.6
Citicorp Nominees Pty Limited (CFSIL Cwlth Aust SHS 14 Account)	570,020	0.4
Citicorp Nominees Pty Limited (CFSIL Cwlth Aust SHS 17 Account)	513,600	0.4
	108,748,879	83.5

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

REHABILITATION OF THREDBO RIVER BANKS

On 16 August 2008, between 800 and 1,200 litres of diesel fuel overflowed from a Header Tank at the Thredbo ski resort operated by Kosciuszko Thredbo Pty Limited ("KT"). As a result, an unknown volume escaped into the Thredbo River.

The incident occurred due to a number of reasons:

- (a) a faulty float level switch in the Header Tank which was supplied by a third party;
- (b) the absence of a "return line" from the Header Tank to the main tank that supplied the Header Tank with diesel. This would have prevented an overflow from the Header Tank in the event that the float switch failed;
- (c) the absence of an alarm system. This would have notified KT in the event of any overflow of diesel from the Header Tank; and
- (d) the absence of a bund around the Header Tank or other containment arrangements.

KT acknowledges and accepts responsibility for the causes of the incident listed at (b), (c) and (d) above.

The Environment Protection Authority ("EPA") investigated whether there was a breach of the Protection of the Environment Operations Act. Kosciuszko Thredbo Pty Ltd has offered and the EPA has accepted an enforceable undertaking under section 253A of the Protection of the Environment Operations Act.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10am on Friday 23 October 2009 at The State Ballroom, State Theatre, 49 Market Street, Sydney NSW 2000.

COMPANY SECRETARY

Mr Greg Dean CA, ACIS

REGISTERED OFFICE

The registered office of the Company is:

Level 10
49 Market Street
Sydney NSW 2000

Telephone 02 9373 6600

Facsimile 02 9373 6534

www.ahl.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited

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Melbourne VIC 3001

Enquiries (within Australia) 1300 850 505

Enquiries (outside Australia) 61 3 9415 4000

Facsimile 61 3 9473 2500

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AMALGAMATED
HOLDINGS LIMITED
ABN 51 000 005 103