CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
FRIDAY 21 OCTOBER 2011

Ladies and Gentlemen,

It is a pleasure to welcome all shareholders and visitors to Rydges North Sydney for this Annual General Meeting of Amalgamated Holdings Limited. The AGM was last held here in 2001 and shareholders will note that the return to this venue has been necessitated due to the progression of the State/Gowings redevelopment. The Managing Director will provide an update regarding that redevelopment within his address.

Turning to the matters for today's meeting, I now present to you the financial statements for the Group for the year ended 30 June 2011. The financial statements are contained within the Annual Report, which has been released to the market and forwarded to those shareholders who have requested it.

In reviewing the financial highlights of the Group, the total net profit after tax for the year was $139.8 million compared to $98.8 million in the previous year, an increase of 42%. The increase in net profit was achieved following a $60.3 million profit booked on the sale of the Group's interest in the cinema exhibition business based in the UAE. The normalised result (being profit before individually significant items, discontinued operations and income tax) was $102.3 million compared to $118.3 million from the previous financial year. Whilst acknowledging the decline in the normalised earnings it is important to note that the prior year included the record breaking phenomenon, *Avatar*.

As a result of the increase in net profit after tax, the Board was pleased to approve a final dividend for the year of 23 cents per share and, in addition, a special dividend of 4 cents per share. After including the interim dividend the total distribution relating to the year was 41 cents per share. This represents an increase of 11% over the prior year's dividend and is the 10th consecutive year of increased total dividend. The Board strives to maintain a dividend policy that is mindful of the needs and expectations of shareholders, and in doing so provides continuity of earnings for both shareholders and the Group.

Cash and term deposits totalled $115.6 million at 30 June 2011 with total debt outstanding of $47.4 million. The Group's financing facilities, excluding working capital components, is $230 million which matures in July 2012. The Group has commenced the process to establish new financing facilities.

The Group has continued to invest for the long term and has acquired property and plant and equipment totalling $83.6 million during the year. The Board continues to review, assess and monitor appropriate capital management initiatives and strategies. The capital management program is managed within the context of maintaining a strong balance sheet and maximising total return to shareholders.

Over the last few years I have commented on the continuing economic uncertainty and the potential impacts to the Group, and this year is no different. However, the Group's track record continues to demonstrate that we have a proven business model, a capable management team and a solid foundation on which to grow shareholder returns and future expansion. The Board carefully monitors domestic and international economic environments and, whilst the current uncertainty within the global economy continues to hold cause for concern, there is considerable comfort in acknowledging that the Group comprises businesses that continue to perform strongly.

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Turning now to corporate governance matters, pages 2 to 15 of the 2011 Annual Report sets out the corporate governance practices and procedures and should assist shareholders in understanding and appreciating the importance placed upon good corporate governance.

From an overall corporate governance perspective, I am pleased to say that the Group has continued to meet all disclosure and regulatory requirements and I can assure shareholders that the Board, and committees of the Board, remain committed to providing the highest possible standard of disclosure and maintaining best practice.

The Board places a high focus on having an appropriate approach to remuneration. Details of this approach are dealt with in the Annual Report. In particular, the Group's policies are designed to, as far as possible, ensure that the remuneration package is reflective of an employee's duties and responsibilities and to enable the Group to attract, motivate and retain high calibre executives. For many executives, the remuneration package contains a significant component which is performance related, in the form of an "at risk", cash-based, short term incentive. One of the hurdles, on which the incentive is calculated, is Group performance. The AHL Managing Director achieved 88% of his total potential 2010 short term incentive, which was based on the record profit of 2010. By comparison, Mr Seargeant has achieved only 47% of his total potential 2011 short term incentive.

I would now like to comment on the structure of the Board and changes since the last Annual General Meeting held in 2010. In April 2011, Mr Robert Graham resigned from the Board. Mr Graham's association with the Group commenced in 1987 as a director of Kosciuszko Thredbo Pty Limited, and he was appointed to the AHL Board in March 1990. Bob has always delivered outstanding commitment, diligence and care to the Board's deliberations. His knowledge and contribution, including his involvement with the Audit and Nomination and Remuneration Committees, has been invaluable and the Group has benefited considerably from his stewardship. On behalf of the Group and my fellow directors, I would like to express our sincere appreciation to Bob for his contribution and commitment and wish him well in retirement.

Ms Valerie Davies was appointed in April 2011. Her appointment was recommended by the Nomination and Remuneration Committee and she has already proved herself to be strong contributor to the Board. I am confident that Valerie's skills, energy and experience will ensure an ongoing contribution to the future performance of the Group. I warmly welcome Valerie to the Board.

Ladies and gentlemen, as I have mentioned previously, the business segments in which the Group operates are at times volatile and always subject to varying degrees of change. Your Board and management continue to focus on optimising the Group's position so it can take advantage of appropriate opportunities as they arise.

I would now like to thank my co-directors for their efforts during the year and, again, our 5,800 shareholders for their continued and on-going support. I also acknowledge the considerable efforts of the Managing Director and his continuing and unwavering commitment and dedication, and the executive team and all Group employees for their collective and personal efforts.

I will now ask Mr Seargeant to present his address. Thank you.

Alan Rydge
AHL Chairman

MANAGING DIRECTOR'S ADDRESS
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Thanks Alan and good morning Ladies and Gentlemen.

Since the last Annual General Meeting, the business climate has remained uncertain and has continued to be characterised by problems associated with the 2008 financial crisis. Throughout the period following the crisis we have had a very clear and constant focus on the following key performance drivers: gain and retain increased market share; develop innovative new ways to drive incremental spend; and to maintain a micro focus on costs, and this was again the case over this past year.

Whilst the current year's normalised profit before other significant items, interest and tax decreased over the prior year by 16.9% to $102.1 million. We have held the gains made in market share, lifted incremental spend and successfully reduced the level of operating costs.

The major factor leading to the decline in earnings was the lack of strong film product over the 2010/11 Christmas period and the comparative impact of the phenomenal success of *Avatar* in that year.

Whilst prior year comparisons are certainly relevant, it is important to acknowledge that since 2008 we have achieved growth in normalised profit before other significant items, interest and tax of some 33% and net tangible assets per share have increased by 18%, from $4.29 per share in 2008 to the current level of $5.07 per share. This has been achieved not only through our operational initiatives but by continuing to look at opportunities to grow the future earnings of the Group. The opportunistic sale of our Middle East cinema business contributed a further $80 million in capital back into the Group, providing a further boost to our acquisition and development capital reserves.

Over the three year period of the financial crisis we have undertaken acquisitions with a total value of $211 million and this includes acquisitions made during this past year of the Moonlight Outdoor Cinema business, Rydges Albury and the remaining 75% share of Rydges Rotorua in New Zealand.

Referring now to our business operations, in our owned hotels market share was over 2 percentage points above that of our competitive set, and we achieved growth in average room rate of around 3%. Occupancy was below the previous year, due in part to reduced leisure demand as a result of cyclone Yasi and the Queensland floods, general softness in inbound markets and the strong Australian dollar driving Australians to holiday overseas. The Group's focus continued on driving an increased volume of business through online channels with almost 30% of room nights booked directly online.

In our Australian cinemas, we maintained market share and continued our program of aggressive price driven promotions, such as our Family & Friends viral campaign, and a focus on our premium offers, of Gold Class and Vmax. The impact of 3D continues to gain momentum, and we have continued to benefit from our proportionately higher share of 3D screens compared to that of our competitors.

Major contributors to the Australian box office for the year were *Harry Potter and the Deathly Hollows – Part 1* and *Inception*, both achieving in excess of $35 million, with *The Twilight Saga: Eclipse*, *Toy Story 3*, *The King's Speech* and the *Hangover Part II*, all achieving in excess of $30 million.

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Similarly, the New Zealand circuit, which we acquired in February 2010, was impacted by a fall in box office attributable to *Avatar*, as well as the very successful 2010 local production, *Boy*. We refurbished our flagship cinema sites in Queen Street Auckland, installed our first Vmax into our St Lukes site and installed an additional 41 digital 3D capable projectors and silver screens. The additional screens increased our coverage to more than 40% of the total New Zealand circuit.

The German cinema circuit also suffered from a lack of strong film product. This was in addition to the extremely poor weather conditions during December 2010 and the negative impact of the Football World Cup in July 2010. Earnings were affected by the strengthening of the Australian dollar against the euro and, whilst down on the prior year, remained relatively strong when compared to the mid to late 2000's. The Event brand has also been introduced to Germany and has replaced the IMAX brand at the Sony centre site in Berlin.

Thredbo achieved some 395,000 skier days during the period, an increase of 7.2% above the prior year and the best result recorded in the last six years. Whilst there were inconsistent natural snow conditions during July and early August 2010, from mid August the region experienced near record snowfalls. This resulted in ideal snow and weather conditions from September through until the end of the 2010 ski season.

In property, we have continued to pursue value adding property development opportunities. Sales at the residential subdivision of the Bass Hill drive-in site have been very pleasing and we received the first full year of rental income from the commercial office development at the former Canberra Civic cinema site.

In May 2011, our corporate office relocated from the Market Street Sydney site to allow for the redevelopment of the Gowings and State Theatre Office buildings into a luxury designer style hotel, to be branded as QT Sydney. This will be the flagship property of our exciting new QT brand. The redevelopment is progressing well and is expected to open in September 2012. This will follow the relaunch of our Gold Coast and Port Douglas properties as QT resorts in early 2012.

Regarding the retail space within the QT Sydney development, arguably one of the most prominent retail sites within Australia, we are in negotiations to let this space to Topshop, the British clothing retailer. Topshop, which has around 300 stores in the UK and over 100 internationally, is one of fashion's biggest success stories and would be an exciting addition to our development.

Some $70 million in capital expenditure has been committed to the Gowings / State hotel and retail development.

Further specific details in relation to the year's trading have been outlined within the Directors' Report which forms part of the 2011 Annual Report. I will now comment on the current year and the results achieved for the first three months.

The profit before tax for the quarter ending 30 September 2011 was $45.7 million. This result includes an individually significant item totalling $1.5 million relating to further profit recognised from sales of residential land lots at Bass Hill. This result represents an increase of 4.3% over the prior comparable period and, when excluding individually significant items, a 10.2% increase over the prior comparable result. The major driver of this lift in earnings has been the increase in earnings from our German exhibition circuit, with the prior year's trading in Germany for July 2010 adversely impacted by the Football World Cup.

The result from our hotel business has been adversely impacted by current trading conditions; however growth in average room rate has strengthened.

Thredbo, despite a strong June start to the season, has experienced inconsistent and poor conditions over balance of the season. First quarter earnings were down by 16.8% over the prior year.

Shareholders should note that the quoted profit excludes any income relating to the dispute with German tax authorities over value added tax from prior years. As detailed in the 2011 Annual Report, the disputed amounts total approximately $20.5 million. If successful, we would recognise the amounts as individually significant income within this current financial year.

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I would like to take the opportunity to acknowledge and thank our executive team for continuing to drive the performance of our Group in these difficult times. Particularly, I would like to thank Peter Horton for his contribution. Peter is, at the end of this month, leaving our Company after almost 10 years and replacing Peter as Director for Finance & Accounting will be Company Secretary, Greg Dean. Congratulations Greg. Also I would like to officially welcome Jane Hastings as General Manager of our cinema businesses in Australia and New Zealand. Jane took up her new role in February of this year.

With uncertainty still surrounding many of the world's major economies it remains difficult to comment with any high level of confidence on the outlook for the remainder of the year.

However, with a strong film line up, improved outlook in Germany and some encouraging signs in the hotel sector we do believe that we are well positioned to continue to meet the challenges this uncertainty presents.

Thank you. Your support and interest in attending this morning is appreciated.

David Seargeant
AHL Managing Director

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