EVENT

HOSPITALITY & ENTERTAINMENT

EVENT HOSPITALITY & ENTERTAINMENT LIMITED

ABN: 51 000 005 103

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

(INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES)

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24 AUGUST 2017

EVENT

HOSPITALITY & ENTERTAINMENT

CONTENTS

INTERNET

These results will be available on the internet at www.evt.com under the Investor Centre menu.

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EVENT

HOSPITALITY & ENTERTAINMENT

APPENDIX 4E (Rule 4.3A)

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to the year ended 30 June 2016)

				2017 A$'000	2016 A$'000
Revenue and other income	Up	1.0%	to	1,294,269	1,280,889
Total revenues and other income	**Up**	**1.0%**	**to**	**1,294,269**	**1,280,889**
Profit before individually significant items, net finance costs and income tax	**Down**	**8.6%**	**to**	**169,932**	**185,945**
Net finance costs				(8,995)	(8,031)
Profit before individually significant items and income tax expense	**Down**	**9.5%**	**to**	**160,937**	**177,914**
Individually significant items				(3,616)	7,912
Profit before income tax expense	**Down**	**15.3%**	**to**	**157,321**	**185,826**
Income tax expense				(46,502)	(55,578)
Profit for the year attributable to members of the parent entity	**Down**	**14.9%**	**to**	**110,819**	**130,248**

Dividends		Amount per security	Franked amount per security
Final dividend	- Current year	31.0 ¢	31.0 ¢
	- Previous corresponding period	31.0 ¢	31.0 ¢
Interim dividend	- Current year	20.0 ¢	20.0 ¢
	- Previous corresponding period	20.0 ¢	20.0 ¢
Total dividend (interim and final):			
	- Current year	51.0 ¢	51.0 ¢
	- Previous corresponding period	51.0 ¢	51.0 ¢

Record date for determining entitlements to the dividend	7 September 2017

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

EVENT

HOSPITALITY & ENTERTAINMENT

APPENDIX 4E (Rule 4.3A)
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. Comments by Directors

See commentary attached to this report.

2. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$5.86	$5.64

3. Annual Meeting

The annual meeting will be held as follows:

Place:	**Event Cinemas** **505-525 George Street** **Sydney NSW 2000**
Date:	**20 October 2017**
Time:	**10:00 am Sydney time**
Approximate date the annual report will be available:	**15 September 2017**

4. Dividend Re-Investment Plan

The Dividend Reinvestment Plan ("DRP") was suspended in August 2010 and will not operate for the 2017 final dividend.

5. Compliance statement

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

DIRECTORS' REPORT

The information presented below is the Operating and Financial Review, which forms part of the 2017 Directors Report

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Net profit after tax was $110,819,000 (2016: $130,248,000), a decrease of $19,429,000 or 14.9% below the prior year result. The normalised result* before interest and income tax expense was $169,932,000 (2016: $185,945,000), a decrease of $16,013,000 or 8.6% and the normalised result after tax was $113,684,000 (2016: $125,980,000), a decrease of $12,296,000 or 9.8% below the prior year result.

The individually significant items for the year are set out on page 3. The individually significant items were a net expense item after tax of $2,865,000 (2016: net income item after tax of $4,268,000).

Overview of the Group (continued)

A summary of the normalised result is outlined below:

	2017		2016		2015	
	Normalised result * $'000	Reconciliation to reported net profit $'000	Normalised result * $'000	Reconciliation to reported net profit $'000	Normalised result * $'000	Reconciliation to reported net profit $'000
Entertainment						
Australia	78,957	78,957	88,515	88,515	78,576	78,576
New Zealand	10,787	10,787	10,508	10,508	8,264	8,264
Germany	22,246	22,246	36,042	36,042	25,126	25,126
Hospitality and Leisure						
Hotels and Resorts	52,734	52,734	51,597	51,597	41,400	41,400
Thredbo Alpine Resort	18,187	18,187	15,007	15,007	13,410	13,410
Property and Other Investments	9,343	9,343	5,584	5,584	7,440	7,440
Unallocated revenues and expenses	(22,322)	(22,322)	(21,308)	(21,308)	(15,242)	(15,242)
	169,932	169,932	185,945	185,945	158,974	158,974
Finance revenue	807	807	915	915	1,290	1,290
Finance costs	(9,802)	(9,802)	(8,946)	(8,946)	(7,897)	(7,897)
	160,937	160,937	177,914	177,914	152,367	152,367
Income tax expense	(47,253)	(47,253)	(51,934)	(51,934)	(43,067)	(43,067)
	113,684	113,684	125,980	125,980	109,300	109,300
Individually significant items – net of tax		(2,865)		4,268		(410)
Profit for the year		110,819		130,248		108,890

* Normalised result is profit for the year before individually significant items (as outlined in Note 2.3 to the financial statements and in the table below). As outlined in Note 2.2 to the financial statements, this measure is used by the Group's CEO to allocate resources and in assessing the relative performance of the Group's operations. The normalised result is an unaudited non-International Financial Reporting Standards measure.

EVENT

HOSPITALITY & ENTERTAINMENT

An analysis of the last five years is outlined below:

	2017	2016	2015	2014	2013
Total revenue and other income ($'000)	1,294,269	1,280,889	1,174,662	1,097,138	1,039,535
Basic earnings per share (cents)	69.6	82.2	68.9	49.7	54.3
Dividends declared [(a)] ($'000)	81,886	81,886	85,097	67,435	67,435
Dividends per share (cents)	51	51	45	42	42
Special dividend per share (cents)	–	–	8	–	–

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

Individually significant items comprised the following:

	2017 $'000	2016 $'000
Profit on sale of apartments	2,105	–
Profit on sale of an interest in a cinema circuit in Fiji	3,729	–
Write-back of expired voucher stock	5,184	–
Net proceeds from insurance	5,457	–
Pre-opening expenses relating to the launch and opening of hotels	(3,579)	–
Managing Director retirement and transition costs	(5,526)	–
Impairments or disposal of land, buildings and plant and equipment	(10,986)	(13,415)
Profit on sale of Mosman cinema site	–	19,615
Reversal of impairment charges booked in previous years	–	1,712
Total individually significant items before income tax benefit/(expense)	(3,616)	7,912
Income tax benefit/(expense) relating to individually significant items	751	(3,644)
Total individually significant items after income tax benefit/(expense)	(2,865)	4,268

Investments

The Group acquired property, plant and equipment totalling $281,325,000 during the year. The significant acquisitions and capital additions include the following:

- the acquisition of the properties located at 458 – 472 George Street, Sydney for $116 million;
- the QT Melbourne, QT Queenstown and Atura Adelaide Airport hotel developments;
- the redevelopment of QT Museum Wellington;
- the acquisition of Rydges Geelong;
- cinema developments at Smithfield (QLD), Palmerston (NT) and Whitford (WA); and
- refurbishment requirements for the cinemas, hotels and resorts.

EVENT

HOSPITALITY & ENTERTAINMENT

Property

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three year cycle. The total value of the Group's interest in land and buildings, excluding investment properties, based on independent valuations is $1,515,612,000 (refer to Note 3.3 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2017 was $1,044,822,000. The total value of the investment properties at 30 June 2017 was $68,250,000.

Capital structure

Cash and term deposits at 30 June 2017 totalled $92,318,000 and total bank debt outstanding was $323,905,000.

Treasury policy

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

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2017, the Group had no interest rate hedges (2016: no interest rate hedges) due to the low level of Group debt.

Liquidity and funding

As at 30 June 2017, the Group's secured bank debt facilities comprised the following:

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

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

Subsequent to 30 June 2017, the Group's secured bank debt facilities were amended and restated on 15 August 2017 and now comprise the following:

- $525,000,000 revolving multi-currency loan facility; and
- $15,000,000 credit support facility (for the issue of letters of credit and bank guarantees).

EVENT

HOSPITALITY & ENTERTAINMENT

The above facilities mature on 15 August 2020 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.15% and 2.1% per annum.

Cash flows from operations

Net operating cash inflows decreased to $188,681,000 from $212,470,000 recorded in the prior comparable year. This decrease was driven by a decrease in operating cash flow from the Group's major operating businesses together with an increase in income tax paid.

Impact of legislation and other external requirements

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

REVIEW OF OPERATIONS BY DIVISION

ENTERTAINMENT

Entertainment – Australia

As at 30 June	2017	2016	Movement
Cinema locations *	73	72	1
Cinema screens *	674	668	6

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

The normalised profit before interest and income tax expense was $78,957,000, a decrease of $9,558,000 or 10.8% below the prior comparable year.

The normalised profit for the year was impacted by a number of factors including:

- the cessation of the Virtual Print Fee arrangement which concluded during the year ended 30 June 2016;
- the impact of a loyalty provision write-back which favourably impacted the prior comparable year;
- the impact of the reopening of Hoyts Chadstone on the Melbourne market in Victoria; and
- a less favourable mix of film product when compared to the prior comparable year.

The top four titles at the Australian Box Office during the year were: *Rogue One: A Star Wars Story* ($51.2 million); *Beauty and the Beast* ($47.7 million); *Suicide Squad* ($34.2 million); and *Guardians of the Galaxy Vol. 2* ($32.7 million). These four titles collectively grossed $165.7 million; however, on a comparative basis the top four grossing titles from the prior year grossed $206.3 million and included: *Star Wars: The Force Awakens* ($93.7 million); *Deadpool* ($43.2 million); *Spectre* ($35.7 million); and *Captain America: Civil War* ($33.7 million).

EVENT

HOSPITALITY & ENTERTAINMENT

There was pleasing growth in the Group's Gold Class offering, with an increase in admissions of 9%. Overall merchandising revenue increased 4%, with merchandising revenue spend per admission 3.3% ahead of the prior year, whilst the cost of goods sold for the year reduced to 17.7% from 18.3% in the prior comparable year.

Other revenue, including online booking fee income, sponsorship revenue and screen advertising, increased by 7% over the prior comparable year.

The Group continued to pursue increased market share and visitation loyalty through the Cinebuzz loyalty program and there were 1,546,000 active members at 30 June 2017.

The new GU Film House Adelaide located in Hindley Street opened in September 2016. In addition, the 12 screen BCC Cinema at Maroochydore was fully refurbished during the year. The Group has a further three cinema developments (totalling 20 screens) scheduled to open in the second half of the 2017 calendar year, including new Event Cinemas in Smithfield (Cairns) which will include one Vmax and five traditional screens, Palmerston (Darwin) which will include two Vmax and four traditional screens and Whitford (Perth) which will include two Gold Class, two Vmax and four traditional screens.

Entertainment – New Zealand

As at 30 June	**2017**	**2016**	**Movement**
Cinema locations *	18	19	(1)
Cinema screens *	124	132	(8)

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $10,787,000, an increase of $279,000 or 2.7% above the prior comparable year.

Total New Zealand Box Office increased by 1.5% over the previous financial year. The Group's Box Office revenues were marginally above the prior year. The five highest-grossing titles within the New Zealand market included: *Rogue One: A Star Wars Story* (NZ$7.4 million); *Moana* (NZ$7.3 million); *Beauty and the Beast* (NZ$ 6.5 million); *Guardians of the Galaxy Vol. 2* (NZ$5.4 million); and *Suicide Squad* (NZ$5.3 million). These five titles achieved a combined total of NZ$31.6 million compared to the top five titles in the prior year which collectively grossed NZ$42.2 million.

Similar to the Australian circuit, the Group's New Zealand circuit experienced a decline in average admission price driven by a reduced percentage of 3D admissions and pricing initiatives implemented to combat increased competition specifically

EVENT

HOSPITALITY & ENTERTAINMENT

within the Auckland market. Conversely, merchandising spend per admission increased by 3.7%, driven by an ongoing focus on merchandising sales and a number of successful candy bar combo promotions.

The New Zealand circuit continues to pursue market share through the Cinebuzz loyalty program and there were 242,000 active members in New Zealand at 30 June 2017.

The Group acquired the Downtown Cinemas circuit on 28 July 2016 for NZ$7.65 million and the circuit contributed a total of NZ$7,148,000 in Box Office revenue and NZ$663,000 in earnings for the year. The circuit includes a total of 15 screens across three cinemas located at Palmerston North, Havelock North and Paraparaumu, all located in the southern region of New Zealand's North Island.

The Group's nine-screen Queensgate cinema complex in Wellington sustained damage from the earthquake in November 2016. As a result of the damage, the cinema complex was closed and has been demolished. It is expected that the complex will be rebuilt and the Group has appropriate insurance arrangements in place to cover the damage to property and the loss of profits from business interruption (for a two year period). The Group has recognised a receivable at 30 June 2017 for the insurance proceeds expected to be received in relation to property damage at the complex, and the resulting net insurance amount has been excluded from the segment result and disclosed as an individually significant item in the 2017 Annual Report.

The Group disposed of its two-thirds interest in the Fiji Cinema Joint Venture on 29 June 2017. Profit on disposal of $3,729,000 has also been reported as an individually significant item. The normalised segment result includes the Group's share of earnings from the Fiji Cinema Joint Venture of $742,000.

Entertainment – Germany

As at 30 June	2017	2016	Movement
Cinema locations *	52	53	(1)
Cinema screens *	409	411	(2)

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $22,246,000, a decrease of $13,796,000 or 38.3% below the prior comparable year.

The result was impacted by a 4.0% fall in the total German market admissions which was predominately due to the release disruption caused by the staging of the European Championships (held in June and July 2016) and the outstanding admission result that was achieved in the prior comparable year. The top five titles at the German Box Office during the year were: *Rogue One: A Star Wars Story* (3.9 million admissions); *Finding Dory* (3.8 million admissions); *The Secret Life of Pets* (3.8 million admissions); *Beauty and the Beast* (3.4 million admissions); and *Fantastic Beasts and Where to Find Them* (3.3 million admissions). These five films achieved a combined total of 18.2 million admissions compared to the top five films of the prior comparable year which collectively achieved 30.6 million admissions.

Merchandising profit per admission increased by 5.6%, whilst screen advertising revenues declined by 5.4%, reflecting the softening of content appeal comparative to the prior comparable year. German-produced films represented a 12.4% share of the German Box Office compared to 16.8% achieved in the prior comparable year.

Similar to the Australian and New Zealand circuits, the Group has a loyalty program in place for the German cinema operations and the current membership base totals 1,046,000 members.

The number of locations has been consistent over the last few years; however, the two-screen Mainz Residence site was closed in January 2017. Three new leasehold sites are currently under development and are expected to open during the 2018 year. In addition, during the year the Group acquired a freehold retail property at Neumünster at a total acquisition price of €7.1 million (A$10.3 million). The site includes a seven-screen cinema that will transfer to the Group's control in October 2017.

A write-back of expired voucher stock totalling $5,184,000 was recognised during the year. This has been reported as an individually significant item and excluded from the normalised result.

HOSPITALITY AND LEISURE

Hotels and Resorts

As at 30 June	2017	2016	Movement
Locations *	58	55	3
Rooms *	9,132	8,871	261

* Owned and managed hotels.

The normalised profit before interest and income tax expense was $52,734,000, an increase of $1,137,000 or 2.2% above the prior comparable year. The first half result was impacted primarily by redevelopments being undertaken of the Group's Queenstown (due to open December 2017) and QT Museum Wellington hotels. The second half result was $28,188,000, an increase of 25% on the prior comparable half year period, reflecting favourable demand levels across key locations and market segments.

EVENT

HOSPITALITY & ENTERTAINMENT

Occupancy in the Group's owned hotels (all brands) decreased by half a percentage point to 76.5%, principally due to the factors which affected the first half result. The average room rate increased by 6.5% to $179, resulting in an increase in revenue per room ("revpar") of 5.7%.

Occupancy in the Group's owned Rydges hotels decreased by a percentage point to 78.0%, whilst the average room rate increased by 3.6% to $159, resulting in an increase in revpar of 2.5%. The result was materially impacted by the closure of part of Rydges Queenstown for the development of QT Queenstown and, excluding Queenstown, the Rydges properties experienced strong year-on-year growth.

Favourable demand levels prevailed across most key locations and market segments, particularly in Cairns, Sydney and Melbourne, whilst Gladstone and Townsville continued to experience more challenging trading conditions.

The Group's managed hotels generally performed well. The Rydges hotels at Sydney Airport, World Square, Sydney Central and South Bank Brisbane continued to deliver strong performance, as did the hotels in New Zealand.

Occupancy in the Group's QT hotels was consistent with the prior comparable year at 76.3%, whilst the average room rate increased by 7.3% to $222, resulting in an increase in revpar of 7.1%. The QT result included a positive contribution from QT Melbourne, which opened in September 2016 and is performing ahead of expectations. Pre-opening costs relating to the initial launch of the hotel have been excluded from the segment result and disclosed as an individually significant item.

QT Sydney and QT Canberra both performed well and generated a material improvement in earnings over the prior comparable year. QT Gold Coast experienced more challenging trading conditions due principally to a softening in food and beverage revenues. QT Wellington's underlying performance remained strong; however, the property was negatively impacted by refurbishment works, and the November 2016 earthquake.

Occupancy in the Group's Atura hotels was consistent with the prior comparable year at 70.1%, whilst the average room rate increased by 3.3% to $139, resulting in an increase in revpar of 2.6%. Construction of the new 165-room Atura hotel at Adelaide Airport is underway.

In March 2017, the Group acquired the former Mercure hotel in Geelong for $24.2 million. This property has since been rebranded as Rydges Geelong. The Group also acquired a 39-hectare property in the Hunter Valley, known as Loggerheads, for $6 million in January 2017.

Thredbo Alpine Resort

The normalised profit before interest and income tax expense was $18,187,000, an increase of $3,180,000 or 21.2% above the prior comparable year.

EVENT

HOSPITALITY & ENTERTAINMENT

The increase in normalised profit reflects an outstanding result from the 2016 snow season, which despite a late start was able to achieve a 5.9% increase in skier visitations. The increased visitation together with the growth in the average ticket price resulted in an increase in lift pass revenue of 13% for the 2016 season, whilst Snow Sports (ski school) also achieved good revenue growth of 15.5% and food and beverage revenue increased by 11.9%. The prior year acquisition of Kareela Hutte (an on-mountain food outlet) also contributed to the uplift in food and beverage revenues.

The Group has recently completed an additional mountain bike trail and associated revenues from that activity have increased by 48% compared to the prior comparable year to $1,613,000.

PROPERTY AND OTHER INVESTMENTS

The normalised profit before interest and income tax expense was $9,343,000, an increase of $3,759,000 or 67.3% above the prior comparable year. The improved result was primarily driven by the following:

- improved earnings from the Edge serviced offices at 478 George Street (completed in October 2015) and Double Bay (completed in August 2015); and
- rental income from the Flight Centre tenancy at 478 George Street which commenced in July 2016.

In May 2017, the Group completed the acquisition of two properties located at 458-472 George Street, Sydney, adjacent to EVENT's existing QT Sydney, State Theatre and 478 George Street properties for a purchase price of $116 million. The buildings are currently leased to several retail and commercial tenants. The acquisition increased the Group's contiguous footprint of Sydney's central business district to approximately 4,700m^2 including an 88-metre frontage on a prime section of George Street that is currently being converted to a pedestrian zone as part of the light rail development.

Profit totalling $2,105,000 on the sale of 23 residential apartments at QT Melbourne has been excluded from the normalised result and reported as an individually significant item.

UNALLOCATED REVENUES AND EXPENSES

The unallocated revenues and expenses include the Group's corporate functions and various head office expenses. The increase in the net expense predominately reflects a full year of additional depreciation and other costs relating to the Group's head office (completed in quarter 2 of the 2016 financial year). Costs associated with the departure of the Group's Managing Director, David Seargeant, have been excluded from the normalised result and disclosed as an individually significant item.

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EVENT HOSPITALITY & ENTERTAINMENT LIMITED

ABN 51 000 005 103

2017 ANNUAL REPORT

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the financial report of EVENT Hospitality & Entertainment Limited, being the Company and its controlled entities ("Group"), for the year ended 30 June 2017 and the auditor's report thereon.

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

AG Rydge (Chairman)
Director since 1978

KG Chapman
Director since 2010

PR Coates
Director since 2009

VA Davies
Director since 2011

DC Grant
Director since 2013

JM Hastings (Chief Executive Officer)
Appointed 1 July 2017

PM Mann
Director since 2013

RG Newton
Director since 2008

DC Seargeant (Managing Director until 30 June 2017)
Director since 2001 and Managing Director since 2002, resigned 30 June 2017

Directors' qualifications, experience and independent status

Alan Rydge
Non-executive Chairman, Board member since 1978, Chairman of the Board since 1980, Audit and Risk Committee member and Nomination and Remuneration Committee member.
Experience
A company director with 40-plus years experience in the film, hospitality, leisure and tourism industries. Joined the Greater Union group in 1971 and was formerly the Group Managing Director.
Directorships
Mr Rydge is also a director of the listed company, Carlton Investments Limited (appointed 1980, chairman since 1980). In addition, Mr Rydge is chairman of Alphoeb Pty Limited and Enbeear Pty Limited.

Kenneth Chapman *MB BS, FAICD, FAIM, AFRACMA*
Independent non-executive director and Board member since 2010.
Experience
A company director with 20-plus years senior executive experience in the tourism and real estate sectors. Currently, chief executive officer of Skyrail-ITM and executive director of the Chapman group of companies.
Directorships
Positions held by Mr Chapman during the last three years include:
- director of Aquis Entertainment Limited (appointed 14 August 2015, resigned 3 November 2016);
- chairman of Skyrail Pty Ltd trading as Skyrail Rainforest Cableway;
- chairman of Far North Queensland Hospital Foundation;
- chairman of Skyrail Rainforest Foundation Limited; and
- director of various entities associated with the privately held Chapman group of companies.

Directors' qualifications, experience and independent status (continued)

Peter Coates *AO*
Independent non-executive director and Board member since 2009. Mr Coates served as a member of the Audit and Risk Committee and as a member and Chairman of the Nomination and Remuneration Committee until 22 October 2015. Mr Coates is the lead independent director.
Experience
A company director with 40-plus years senior executive experience in the mining and commodities industries. Mr Coates is currently non-executive chairman of Santos Limited, a non-executive director of Glencore plc and non-executive chairman of Glencore majority owned Sphere Minerals Limited. Mr Coates was formerly non-executive chairman of Xstrata Australia Pty Limited and chief executive of Xstrata Coal.
Directorships
Positions held by Mr Coates during the last three years include:

- director of Santos Limited (Chairman from 30 April 2016, Executive Chairman from August 2015 to January 2016);
- director of Glencore plc; and
- director of Sphere Minerals Limited (Chairman).

Valerie Davies *FAICD*
Independent non-executive director and Board member since 2011.
Experience
A company director with more than two decades of broad experience across diverse sectors, including tourism, property, health and media. In parallel, Ms Davies has more than 20 years senior executive experience in corporate communications, as Principal of her own consultancy One.2.One Communications Pty Ltd.
Directorships
Positions held by Ms Davies during the last three years include:

- director of Cedar Woods Properties Limited;
- director of HBF Health Limited; and
- commissioner of Tourism Western Australia.

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

- director of iiNet Limited (resigned 7 September 2015); and
- director of Stylematch Pty Limited.

Jane Hastings *BComm* (appointed 1 July 2017)
Managing Director and Chief Executive Officer ("CEO") from 1 July 2017.
Experience
Ms Hastings has more than 20 years' experience in the tourism, hospitality and entertainment sectors. Ms Hastings previously held a number of senior positions with APN News & Media Limited, including CEO of The Radio Network (2012 – 2014) and CEO of New Zealand Media and Entertainment (NZME) (2014 – 2016). Ms Hastings was appointed as the Group's Chief Operating Officer with effect from 29 August 2016 and on 27 April 2017, the Group announced that Ms Hastings would succeed Mr DC Seargeant as the Group's Managing Director and CEO from 1 July 2017.
Directorships
Ms Hastings is also a New Zealand Film Commission board member.

Directors' qualifications, experience and independent status (continued)

Patria Mann *BEc, CA, FAICD*
Independent non-executive director and Board member since 2013. Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee.
Experience
A company director with over 25 years experience. Mrs Mann is a Chartered Accountant and former partner of KPMG. She has been a professional non-executive director for over 10 years. Mrs Mann has extensive audit, investigation, risk management and corporate governance experience.
Directorships
Positions held by Mrs Mann during the last three years include:

- director of Bellamy's Australia Limited (appointed 10 March 2016, resigned 18 May 2017);
- director of Ridley Corporation Limited;
- director of First State Superannuation Trustee Corporation (resigned 2015);
- director of Perpetual Superannuation Limited (resigned 31 October 2016); and
- director of Allianz Australia Limited.

Richard Newton *BBus (Marketing), FAICD*
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
Positions held by Mr Newton during the last three years include:

- chairman of Capricorn Village Joint Venture, WA;
- chairman and director of Selpam (Australia) Pty Limited and a director of various companies wholly owned by Selpam (Australia) Pty Limited; and
- director of Bonsey Jaden Pte Ltd, a digital advertising agency.

David Seargeant (resigned 30 June 2017)
Managing Director, Board member since 2001 and appointed Managing Director in January 2002.
Experience
Managing Director with 40-plus years experience in the hospitality and leisure industries. Former managing director of the Rydges Hotels group (1988 – 2002) and the Greater Union group (2000 – 2002).
Directorships
Mr Seargeant is also chairman of the National Association of Cinema Operators, deputy chair of Tourism Accommodation Australia and a director of Tourism Training Australia.

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

COMPANY SECRETARIES

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

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

CORPORATE GOVERNANCE

The Board endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition. The Group has disclosed its 2017 Corporate Governance Statement in the Corporate Governance section on the EVENT website (https://www.evt.com/investors/). As required, the Group has also lodged the 2017 Corporate Governance Statement and Appendix 4G with the ASX.

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 year are set out below:

	Directors' meetings		Audit and Risk Committee meetings		Nomination and Remuneration Committee meetings	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
AG Rydge	10	10	4	4	4	4
KG Chapman	10	10	–	–	–	–
PR Coates	10	10	–	–	–	–
VA Davies	10	9	–	–	–	–
DC Grant	10	10	4	4	4	4
PM Mann	10	10	4	4	4	4
RG Newton	10	10	–	–	–	–
DC Seargeant [a]	10	10	4	4	3	3

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

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

PRINCIPAL ACTIVITIES

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Net profit after tax was $110,819,000 (2016: $130,248,000), a decrease of $19,429,000 or 14.9% below the prior year result. The normalised result before interest and income tax expense was $169,932,000 (2016: $185,945,000), a decrease of $16,013,000 or 8.6% and the normalised result after tax was $113,684,000 (2016: $125,980,000), a decrease of $12,296,000 or 9.8% below the prior year result.

The individually significant items for the year are set out on page 7. The individually significant items were a net expense item after tax of $2,865,000 (2016: net income item after tax of $4,268,000).

Overview of the Group (continued)

A summary of the normalised result is outlined below:

	2017 Normalised result * $'000	2017 Reconciliation to reported net profit $'000	2016 Normalised result * $'000	2016 Reconciliation to reported net profit $'000	2015 Normalised result * $'000	2015 Reconciliation to reported net profit $'000
Entertainment						
Australia	78,957	78,957	88,515	88,515	78,576	78,576
New Zealand	10,787	10,787	10,508	10,508	8,264	8,264
Germany	22,246	22,246	36,042	36,042	25,126	25,126
Hospitality and Leisure						
Hotels and Resorts	52,734	52,734	51,597	51,597	41,400	41,400
Thredbo Alpine Resort	18,187	18,187	15,007	15,007	13,410	13,410
Property and Other Investments	9,343	9,343	5,584	5,584	7,440	7,440
Unallocated revenues and expenses	(22,322)	(22,322)	(21,308)	(21,308)	(15,242)	(15,242)
	169,932	169,932	185,945	185,945	158,974	158,974
Finance revenue	807	807	915	915	1,290	1,290
Finance costs	(9,802)	(9,802)	(8,946)	(8,946)	(7,897)	(7,897)
	160,937	160,937	177,914	177,914	152,367	152,367
Income tax expense	(47,253)	(47,253)	(51,934)	(51,934)	(43,067)	(43,067)
	113,684	113,684	125,980	125,980	109,300	109,300
Individually significant items – net of tax		(2,865)		4,268		(410)
Profit for the year		110,819		130,248		108,890

* Normalised result is profit for the year before individually significant items (as outlined in Note 2.3 to the financial statements and in the table below). As outlined in Note 2.2 to the financial statements, this measure is used by the Group's CEO to allocate resources and in assessing the relative performance of the Group's operations. The normalised result is an unaudited non-International Financial Reporting Standards measure.

Overview of the Group (continued)

An analysis of the last five years is outlined below:

	2017	2016	2015	2014	2013
Total revenue and other income ($'000)	1,294,269	1,280,889	1,174,662	1,097,138	1,039,535
Basic earnings per share (cents)	69.6	82.2	68.9	49.7	54.3
Dividends declared [(a)] ($'000)	81,886	81,886	85,097	67,435	67,435
Dividends per share (cents)	51	51	45	42	42
Special dividend per share (cents)	–	–	8	–	–

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

Individually significant items comprised the following:

	2017 $'000	2016 $'000
Profit on sale of apartments	2,105	–
Profit on sale of an interest in a cinema circuit in Fiji	3,729	–
Write-back of expired voucher stock	5,184	–
Net proceeds from insurance	5,457	–
Pre-opening expenses relating to the launch and opening of hotels	(3,579)	–
Managing Director retirement and transition costs	(5,526)	–
Impairments or disposal of land, buildings and plant and equipment	(10,986)	(13,415)
Profit on sale of Mosman cinema site	–	19,615
Reversal of impairment charges booked in previous years	–	1,712
Total individually significant items before income tax benefit/(expense)	(3,616)	7,912
Income tax benefit/(expense) relating to individually significant items	751	(3,644)
Total individually significant items after income tax benefit/(expense)	(2,865)	4,268

Investments

The Group acquired property, plant and equipment totalling $281,325,000 during the year. The significant acquisitions and capital additions include the following:

- the acquisition of the properties located at 458 – 472 George Street, Sydney for $116 million;
- the QT Melbourne, QT Queenstown and Atura Adelaide Airport hotel developments;
- the redevelopment of QT Museum Wellington;
- the acquisition of Rydges Geelong;
- cinema developments at Smithfield (QLD), Palmerston (NT) and Whitford (WA); and
- refurbishment requirements for the cinemas, hotels and resorts.

Property

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three year cycle. The total value of the Group's interest in land and buildings, excluding investment properties, based on independent valuations is $1,515,612,000 (refer to Note 3.3 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2017 was $1,044,822,000. The total value of the investment properties at 30 June 2017 was $68,250,000.

Capital structure

Cash and term deposits at 30 June 2017 totalled $92,318,000 and total bank debt outstanding was $323,905,000.

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

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2017, the Group had no interest rate hedges (2016: no interest rate hedges) due to the low level of Group debt.

Liquidity and funding
As at 30 June 2017, the Group's secured bank debt facilities comprised the following:
- $350,000,000 revolving multi-currency loan facility;
- $30,000,000 credit support facility (for the issue of letters of credit and bank guarantees); and
- $50,000 overdraft limit to support its transactional banking facilities.

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

Subsequent to 30 June 2017, the Group's secured bank debt facilities were amended and restated on 15 August 2017 and now comprise the following:
- $525,000,000 revolving multi-currency loan facility; and
- $15,000,000 credit support facility (for the issue of letters of credit and bank guarantees).

The above facilities mature on 15 August 2020 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.15% and 2.1% per annum.

Cash flows from operations
Net operating cash inflows decreased to $188,681,000 from $212,470,000 recorded in the prior comparable year. This decrease was driven by a decrease in operating cash flow from the Group's major operating businesses together with an increase in income tax paid.

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

REVIEW OF OPERATIONS BY DIVISION
ENTERTAINMENT
Entertainment – Australia

As at 30 June	2017	2016	Movement
Cinema locations *	73	72	1
Cinema screens *	674	668	6

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

The normalised profit before interest and income tax expense was $78,957,000, a decrease of $9,558,000 or 10.8% below the prior comparable year.

The normalised profit for the year was impacted by a number of factors including:
- the cessation of the Virtual Print Fee arrangement which concluded during the year ended 30 June 2016;
- the impact of a loyalty provision write-back which favourably impacted the prior comparable year;
- the impact of the reopening of Hoyts Chadstone on the Melbourne market in Victoria; and
- a less favourable mix of film product when compared to the prior comparable year.

The top four titles at the Australian Box Office during the year were: *Rogue One: A Star Wars Story* ($51.2 million); *Beauty and the Beast* ($47.7 million); *Suicide Squad* ($34.2 million); and *Guardians of the Galaxy Vol. 2* ($32.7 million). These four titles collectively grossed $165.7 million; however, on a comparative basis the top four grossing titles from the prior year grossed $206.3 million and included: *Star Wars: The Force Awakens* ($93.7 million); *Deadpool* ($43.2 million); *Spectre* ($35.7 million); and *Captain America: Civil War* ($33.7 million).

There was pleasing growth in the Group's Gold Class offering, with an increase in admissions of 9%. Overall merchandising revenue increased 4%, with merchandising revenue spend per admission 3.3% ahead of the prior year, whilst the cost of goods sold for the year reduced to 17.7% from 18.3% in the prior comparable year.

Other revenue, including online booking fee income, sponsorship revenue and screen advertising, increased by 7% over the prior comparable year.

The Group continued to pursue increased market share and visitation loyalty through the Cinebuzz loyalty program and there were 1,546,000 active members at 30 June 2017.

The new GU Film House Adelaide located in Hindley Street opened in September 2016. In addition, the 12 screen BCC Cinema at Maroochydore was fully refurbished during the year. The Group has a further three cinema developments (totalling 20 screens) scheduled to open in the second half of the 2017 calendar year, including new Event Cinemas in Smithfield (Cairns) which will include one Vmax and five traditional screens, Palmerston (Darwin) which will include two Vmax and four traditional screens and Whitford (Perth) which will include two Gold Class, two Vmax and four traditional screens.

Entertainment – New Zealand

As at 30 June	2017	2016	Movement
Cinema locations *	18	19	(1)
Cinema screens *	124	132	(8)

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $10,787,000, an increase of $279,000 or 2.7% above the prior comparable year.

Total New Zealand Box Office increased by 1.5% over the previous financial year. The Group's Box Office revenues were marginally above the prior year. The five highest-grossing titles within the New Zealand market included: *Rogue One: A Star Wars Story* (NZ$7.4 million); *Moana* (NZ$7.3 million); *Beauty and the Beast* (NZ$ 6.5 million); *Guardians of the Galaxy Vol. 2* (NZ$5.4 million); and *Suicide Squad* (NZ$5.3 million). These five titles achieved a combined total of NZ$31.6 million compared to the top five titles in the prior year which collectively grossed NZ$42.2 million.

Similar to the Australian circuit, the Group's New Zealand circuit experienced a decline in average admission price driven by a reduced percentage of 3D admissions and pricing initiatives implemented to combat increased competition specifically within the Auckland market. Conversely, merchandising spend per admission increased by 3.7%, driven by an ongoing focus on merchandising sales and a number of successful candy bar combo promotions.

The New Zealand circuit continues to pursue market share through the Cinebuzz loyalty program and there were 242,000 active members in New Zealand at 30 June 2017.

The Group acquired the Downtown Cinemas circuit on 28 July 2016 for NZ$7.65 million and the circuit contributed a total of NZ$7,148,000 in Box Office revenue and NZ$663,000 in earnings for the year. The circuit includes a total of 15 screens across three cinemas located at Palmerston North, Havelock North and Paraparaumu, all located in the southern region of New Zealand's North Island.

The Group's nine-screen Queensgate cinema complex in Wellington sustained damage from the earthquake in November 2016. As a result of the damage, the cinema complex was closed and has been demolished. It is expected that the complex will be rebuilt and the Group has appropriate insurance arrangements in place to cover the damage to property and the loss of profits from business interruption (for a two year period). The Group has recognised a receivable at 30 June 2017 for the insurance proceeds expected to be received in relation to property damage at the complex, and the net insurance amount has been excluded from the segment result and disclosed as an individually significant item in the 2017 Annual Report.

The Group disposed of its two-thirds interest in the Fiji Cinema Joint Venture on 29 June 2017. Profit on disposal of $3,729,000 has also been reported as an individually significant item. The normalised segment result includes the Group's share of earnings from the Fiji Cinema Joint Venture of $742,000.

Entertainment – Germany

As at 30 June	2017	2016	Movement
Cinema locations *	52	53	(1)
Cinema screens *	409	411	(2)

* Managed and joint venture cinema sites.

The normalised profit before interest and income tax expense was $22,246,000, a decrease of $13,796,000 or 38.3% below the prior comparable year.

The result was impacted by a 4.0% fall in the total German market admissions which was predominately due to the release disruption caused by the staging of the European Championships (held in June and July 2016) and the outstanding admission result that was achieved in the prior comparable year. The top five titles at the German Box Office during the year were: *Rogue One: A Star Wars Story* (3.9 million admissions); *Finding Dory* (3.8 million admissions); *The Secret Life of Pets* (3.8 million admissions); *Beauty and the Beast* (3.4 million admissions); and *Fantastic Beasts and Where to Find Them* (3.3 million admissions). These five films achieved a combined total of 18.2 million admissions compared to the top five films of the prior comparable year which collectively achieved 30.6 million admissions.

Merchandising profit per admission increased by 5.6%, whilst screen advertising revenues declined by 5.4%, reflecting the softening of content appeal comparative to the prior comparable year. German-produced films represented a 12.4% share of the German Box Office compared to 16.8% achieved in the prior comparable year.

Similar to the Australian and New Zealand circuits, the Group has a loyalty program in place for the German cinema operations and the current membership base totals 1,046,000 members.

The number of locations has been consistent over the last few years; however, the two-screen Mainz Residence site was closed in January 2017. Three new leasehold sites are currently under development and are expected to open during the 2018 year. In addition, during the year the Group acquired a freehold retail property at Neumünster at a total acquisition price of €7.1 million (A$10.3 million). The site includes a seven-screen cinema that will transfer to the Group's control in October 2017.

A write-back of expired voucher stock totalling $5,184,000 was recognised during the year. This has been reported as an individually significant item and excluded from the normalised result.

HOSPITALITY AND LEISURE

Hotels and Resorts

As at 30 June	2017	2016	Movement
Locations *	58	55	3
Rooms *	9,132	8,871	261

* Owned and managed hotels.

The normalised profit before interest and income tax expense was $52,734,000, an increase of $1,137,000 or 2.2% above the prior comparable year. The first half result was impacted primarily by redevelopments being undertaken of the Group's Queenstown (due to open December 2017) and QT Museum Wellington hotels. The second half result was $28,188,000, an increase of 25% on the prior comparable half year period, reflecting favourable demand levels across key locations and market segments.

Occupancy in the Group's owned hotels (all brands) decreased by half a percentage point to 76.5%, principally due to the factors which affected the first half result. The average room rate increased by 6.5% to $179, resulting in an increase in revenue per room ("revpar") of 5.7%.

Occupancy in the Group's owned Rydges hotels decreased by a percentage point to 78.0%, whilst the average room rate increased by 3.6% to $159, resulting in an increase in revpar of 2.5%. The result was materially impacted by the closure of part of Rydges Queenstown for the development of QT Queenstown and, excluding Queenstown, the Rydges properties experienced strong year-on-year growth.

Favourable demand levels prevailed across most key locations and market segments, particularly in Cairns, Sydney and Melbourne, whilst Gladstone and Townsville continued to experience more challenging trading conditions.

The Group's managed hotels generally performed well. The Rydges hotels at Sydney Airport, World Square, Sydney Central and South Bank Brisbane continued to deliver strong performance, as did the hotels in New Zealand.

Occupancy in the Group's QT hotels was consistent with the prior comparable year at 76.3%, whilst the average room rate increased by 7.3% to $222, resulting in an increase in revpar of 7.1%. The QT result included a positive contribution from QT Melbourne, which opened in September 2016 and is performing ahead of expectations. Pre-opening costs relating to the initial launch of the hotel have been excluded from the segment result and disclosed as an individually significant item.

QT Sydney and QT Canberra both performed well and generated a material improvement in earnings over the prior comparable year. QT Gold Coast experienced more challenging trading conditions due principally to a softening in food and beverage revenues. QT Wellington's underlying performance remained strong; however, the property was negatively impacted by refurbishment works, and the November 2016 earthquake.

Occupancy in the Group's Atura hotels was consistent with the prior comparable year at 70.1%, whilst the average room rate increased by 3.3% to $139, resulting in an increase in revpar of 2.6%. Construction of the new 165-room Atura hotel at Adelaide Airport is underway.

In March 2017, the Group acquired the former Mercure hotel in Geelong for $24.2 million. This property has since been rebranded as Rydges Geelong. The Group also acquired a 39-hectare property in the Hunter Valley, known as Loggerheads, for $6 million in January 2017.

Thredbo Alpine Resort

The normalised profit before interest and income tax expense was $18,187,000, an increase of $3,180,000 or 21.2% above the prior comparable year.

The increase in normalised profit reflects an outstanding result from the 2016 snow season, which despite a late start was able to achieve a 5.9% increase in skier visitations. The increased visitation together with the growth in the average ticket price resulted in an increase in lift pass revenue of 13% for the 2016 season, whilst Snow Sports (ski school) also achieved good revenue growth of 15.5% and food and beverage revenue increased by 11.9%. The prior year acquisition of Kareela Hutte (an on-mountain food outlet) also contributed to the uplift in food and beverage revenues.

The Group has recently completed an additional mountain bike trail and associated revenues from that activity have increased by 48% compared to the prior comparable year to $1,613,000.

PROPERTY AND OTHER INVESTMENTS

The normalised profit before interest and income tax expense was $9,343,000, an increase of $3,759,000 or 67.3% above the prior comparable year. The improved result was primarily driven by the following:

- improved earnings from the Edge serviced offices at 478 George Street (completed in October 2015) and Double Bay (completed in August 2015); and
- rental income from the Flight Centre tenancy at 478 George Street which commenced in July 2016.

In May 2017, the Group completed the acquisition of two properties located at 458-472 George Street, Sydney, adjacent to EVENT's existing QT Sydney, State Theatre and 478 George Street properties for a purchase price of $116 million. The buildings are currently leased to several retail and commercial tenants. The acquisition increased the Group's contiguous footprint of Sydney's central business district to approximately 4,700m^2 including an 88-metre frontage on a prime section of George Street that is currently being converted to a pedestrian zone as part of the light rail development.

Profit totalling $2,105,000 on the sale of 23 residential apartments at QT Melbourne has been excluded from the normalised result and reported as an individually significant item.

UNALLOCATED REVENUES AND EXPENSES

The unallocated revenues and expenses include the Group's corporate functions and various head office expenses. The increase in the net expense predominately reflects a full year of additional depreciation and other costs relating to the Group's head office (completed in quarter 2 of the 2016 financial year). Costs associated with the departure of the Group's Managing Director, David Seargeant, have been excluded from the normalised result and disclosed as an individually significant item.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

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

ENTERTAINMENT

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

Cinema Exhibition

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

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

Industry developments

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

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

Entertainment Technology

The Group will continue to build knowledge in relation to evolving cinema systems, including immersive audio systems. 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 digital platform. The Group is assessing potential income streams from digital content delivery platforms, including alternate content distribution.

HOSPITALITY AND LEISURE

Rydges Hotels and Resorts

The Group will continue to provide hotel guests with quality 4 star accommodation that consistently delivers a product and service that meets or exceeds guest expectations. To provide this, the Group will continue to pursue the following strategies:

- constant focus on effective recruitment and training practices to ensure talented and dynamic people are attracted to work in the Group's hotels and resorts;
- maintenance of all hotels at an appropriate standard and when required, rejuvenation of key areas of hotels to ensure the Group's reputation continues to be enhanced;
- specific focus on creating standout food and beverage experiences that build incremental spend and enhance each hotel's reputation; and
- maintenance of a leadership position in the online distribution and booking capabilities for guests. The Priority Guest Rewards program and the sales and revenue structure are important support functions for the online strategy.

QT Hotels and Resorts

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

The flagship QT Sydney opened in 2012 and has set new standards of style and vibrancy within the Australian hotel market and has received many local and international awards and accolades. QT Melbourne opened in September 2016. The Group currently has a total of eight QT properties comprising QT Sydney, QT Melbourne, QT Canberra, QT Bondi, QT Museum Wellington and the QT resorts at Gold Coast, Port Douglas and Falls Creek. In addition, QT Queenstown is expected to open in late 2017, work has commenced on the new QT Perth and the Group has entered into a management agreement for QT Parramatta.

Atura Hotels

Atura Hotels operates in the 3.5 star design hotel segment which presents opportunities for a lower level of operating costs, whilst at the same time delivering hotel guests with quality and service. Atura offers an experience and amenities currently unavailable in the mid-level market including state-of-the-art technology and free WiFi.

The Group currently has a total of three Atura Hotels, comprising Atura Blacktown which opened in 2013, Atura Albury was converted in 2015, and Atura Dandenong which was acquired in 2014. In addition, the Group has finalised an agreement for the development of a new 165-room Atura hotel at Adelaide Airport, which is expected to open in late 2018. The Group is seeking to identify other potential Atura hotel sites whether through redevelopment of existing hotels or freehold acquisitions.

Increasing the number of hotel rooms

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

Maximising returns from existing locations

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

THREDBO ALPINE RESORT

Premier holiday destination

The key strategy for the Thredbo Alpine Resort is to maintain the facility as one of the premier Australian holiday destinations. This strategy includes:

- continuing to ensure the popularity, high quality and ambience of the winter-time resort facility;
- continuing to improve snow making capability to mitigate risk in poor snow seasons;
- increasing the number and quality of sporting and cultural events to increase visitation outside of the snow season;
- expanding the mountain bike trail network to appeal to a broader range of riders; and
- ensuring that the environmental integrity of the Resort is maintained and, where possible, improved.

Maximising returns from existing facility

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

DIVIDENDS

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

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit
Declared and paid during the year				
Final 2016 dividend	31	49,774	22 September 2016	30%
Interim 2017 dividend	20	32,112	16 March 2017	30%
		81,886		
Declared after the end of the year				
Final 2017 dividend	31	49,774	21 September 2017	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 17 to 30 and has been audited as required by section 308(3C) of the Corporations Act 2001.

EVENTS SUBSEQUENT TO REPORTING DATE

The Group's secured bank debt facilities were amended and restated on 15 August 2017. Details of the new facilities are set out in Note 4.4 to the financial statements. Other than the above, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

LIKELY DEVELOPMENTS

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

DIRECTORS' INTERESTS

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

Director	Ordinary shares held directly	Ordinary shares held by companies in which a director has a beneficial interest [(a)]	Performance shares held directly	Performance rights held directly
AG Rydge	3,824,163	68,948,033	–	–
KG Chapman	3,000	54,000	–	–
PR Coates	–	46,960	–	–
VA Davies	–	14,000	–	–
DC Grant	5,000	–	–	–
JM Hastings	–	–	–	30,303
PM Mann	–	6,000	–	–
RG Newton	–	66,000	–	–

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

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

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

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

AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 31 and forms part of the Directors' Report for the year ended 30 June 2017.

NON-AUDIT SERVICES PROVIDED BY KPMG

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

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

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

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

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 7.4 to the financial statements.

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

AG Rydge
Director

JM Hastings
Director

Dated at Sydney this 24th day of August 2017.

MESSAGE FROM THE CHAIRMAN REGARDING THE REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the EVENT Hospitality & Entertainment Limited 2017 Remuneration Report. During the 2017 year, the Group's long-serving Managing Director, David Seargeant, decided to step down after more than 29 years with the Group, having made an extraordinary contribution to the growth of the Group. The Remuneration Report reflects this CEO transition period, and I highlight below a number of important matters which shareholders should be aware of.

Remuneration of the former Managing Director

Mr Seargeant held the position of Managing Director for the full financial year to 30 June 2017. Under the terms of his employment agreement, after his departure Mr Seargeant was entitled to a separation payment of one year's fixed remuneration, equal to $2,020,000. This amount was adjusted to ensure compliance with the Corporations Act termination benefits cap and the Remuneration Report includes the adjusted separation payment of $1,959,618.

The short term incentive ("STI") amount disclosed for Mr Seargeant in the Remuneration Report includes an STI in respect of the year ended 30 June 2016 of $1,970,000 that was paid in September 2016, representing 100% of the total potential STI for the year. This reflects the outstanding performance for that year, and the full achievement by Mr Seargeant of the STI targets set by the Board.

Mr Seargeant's STI for the year ended 30 June 2017 will be $1,010,000, representing 50% achievement of hurdles for that year and approved by the Board on 24 August 2017 for payment in September 2017. The remaining 50% will be forfeited. As the payment will be made in September 2017, it would not normally be reported until next year's remuneration report; however, the Company has elected to disclose it early given Mr Seargeant's departure.

Under the terms of the Executive Performance Rights Plan, unvested performance rights held by Mr Seargeant will remain on-foot and will vest or lapse in accordance with the terms on which they were offered. In these circumstances, accounting standards require the recognition of an accelerated share-based payment expense and this charge, totalling $1,911,486, has been included in the performance rights charge disclosed for Mr Seargeant in the remuneration table on page 24. This does not necessarily reflect the value (if any) that Mr Seargeant will receive from these unvested performance rights, because this will depend on whether the hurdles are achieved and, if they are, the share price at the date of vesting.

Remuneration arrangements for the new CEO

Jane Hastings was appointed as the Group's new CEO with effect from 1 July 2017 following an extensive search process undertaken by the Board, with assistance from the specialist executive search firm, Hattonneale.

Ms Hastings' fixed and variable components are below those of the long-serving outgoing Managing Director.

As disclosed on page 22, the Board obtained advice from remuneration consultants regarding Ms Hastings' remuneration arrangements. In approving these arrangements, the Board, with assistance from the remuneration consultants, considered the market capitalisation of the Company and the size, diversity and complexity of the Group's operations. By market capitalisation, the Company is within the top 150 companies in the All Ordinaries index. Ms Hastings' remuneration arrangements have been set in this context. Ms Hastings' remuneration arrangements were previously disclosed to the ASX and have been summarised on page 21.

Review of incentive arrangements

An external review of the Group's incentive arrangements will be conducted during the year ending 30 June 2018. This review will include consideration of the current structure and long term incentive hurdles to ensure that they remain appropriate for the Group and consistent with current market practice.

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

AG Rydge
Chairman

REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for the Group's key management personnel ("KMP") as defined in AASB 124 *Related Party Disclosures* including non-executive directors, the Managing Director and CEO, and other senior executives who have authority for planning, directing and controlling the activities of the Group. The KMP for the financial year are set out on page 23.

Remuneration philosophy

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

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

Further details in relation to the Group's share plans are provided in Note 6.1 to the financial statements.

Remuneration structure

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

Non-executive director remuneration

Objective

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

Structure

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

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among directors are reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

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

The Board has approved non-executive director fees for the year ending 30 June 2018 as follows:

	2018	**2017**
	$	**$**
Chairman (including the Committee fee)	321,000	313,000
Other non-executive directors		
Base fee	131,000	128,000
Committee fee	21,000	20,000
Additional fee for the Chairman of the Board committees	18,000	18,000

Structure (continued)
The remuneration of non-executive directors for the year ended 30 June 2017 is detailed on page 24.

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

CEO and other executive remuneration
Objective
The Group's remuneration policy aims to reward the CEO and other executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, and to:
- reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators ("KPIs");
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

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

It is the Group's policy that employment contracts are entered into with the CEO and other senior executives. Details of these employment contracts are provided on pages 21 – 22.

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

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

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

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

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

Structure
Actual STI payments to each executive are determined based on the extent to which specific operating targets, set at the beginning of the year, are met. The operational targets consist of a number of KPIs covering both financial and non-financial measures of performance. Typically, KPIs and assessment criteria include:
- meeting of pre-determined growth in Group earnings over the prior year;
- meeting of strategic and operational objectives; and
- assessed personal effort and contribution.

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

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

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

For the CEO and other executive KMP, the general target bonus opportunity range is from 50% to 100% of fixed annual remuneration. The target bonus range for the CEO and other executive KMP is detailed below:

	Maximum STI calculated on fixed annual remuneration [(a)]	Allocated between: Group earnings	Divisional earnings	Special projects	Other KPIs
Managing Director and CEO					
DC Seargeant [(b)]	100%	[(c)] 40%	–	15%	45%
Other executive KMP					
NC Arundel	50%	16.7%	16.7%	–	16.6%
GC Dean	50%	25%	–	–	25%
MR Duff	50%	16.7%	–	6.7%	26.6%
HR Eberstaller	50%	16.7%	16.7%	–	16.6%
JM Hastings	60%	20%	20%	–	20%
BA Sergeant	50%	15%	–	–	35%

(a) Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.
(b) The targets set for the Managing Director's STI relate to the Group's performance, the management of current property developments and other business growth targets. These targets may include, for example, the identification of new hotel developments that will provide an acceptable return and fit within the Group's overall strategic objectives, the delivery of property development projects having regard to timing and budget, and the identification, negotiation and delivery of new cinema sites. The Board considers the specific targets to be commercially sensitive and accordingly further details of these targets have not been disclosed.
(c) The STI payment to the Managing Director related to Group earnings is calculated on a sliding scale according to the annual growth in normalised earnings. The maximum incentive will only be achieved if there is growth of 10% or more in the Group's normalised profit before tax.

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

Variable remuneration – LTI
Objective
The objectives of the LTI plan are to:
- align executive incentives with shareholder interests;
- balance the short term with the long term Group focus; and
- retain high calibre executives by providing an attractive equity-based incentive that builds an ownership of the Group mindset.

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

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

Structure (continued)

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

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

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2017 are based on EVENT Hospitality & Entertainment Limited's EPS and TSR growth over the Performance Period of the three years to 30 June 2019, with performance measured against the year ended 30 June 2016 (being the base year).

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2017 are as follows:

EPS hurdle

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

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

TSR hurdle

The TSR hurdle requires that the Group's relative TSR performance must be above the median of the Company's comparator group ("comparator group"). The comparator group is the S&P/ASX 200 (excluding trusts, infrastructure groups and mining companies). 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 beginning to the end of the Performance Period.

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

- if the Company's TSR ranking relative to the comparator group over the Performance Period is less than the 51st percentile, no performance rights will vest;
- if the Company's TSR ranking relative to the comparator group over the Performance Period is equal to or exceeds the 51st percentile but is less than the 75th percentile, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if the Company's TSR ranking relative to the comparator group over the Performance Period is equal to or greater than the 75th percentile all of the performance rights awarded will vest.

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

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

Group performance

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

	2017	2016	2015	2014	2013
Net profit before individually significant items and income tax ($) [a]	160,937,000	177,914,000	152,367,000	108,304,000	114,745,000
Dividends per share (cents)	51	51	45	42	42
Special dividend per share (cents)	–	–	8	–	–
Share price at year end ($)	13.37	14.53	12.54	9.33	8.27

(a) Refer to page 6 in the Directors' Report for a reconciliation to reported net profit for the year.

Employment contract for JM Hastings from 1 July 2017

JM Hastings was appointed Managing Director and CEO effective 1 July 2017. A summary of the key terms of Ms Hastings' new employment agreement is set out in the table below:

Contract term	Ms Hastings' appointment is ongoing, and there is no fixed term.
Fixed annual remuneration	A remuneration package to the value of $1,300,000 per annum gross, comprising base salary, superannuation and, if applicable, any fringe benefits or additional superannuation contributions.
Incentives	Ms Hastings is eligible to participate in the Group's incentive arrangements (including short term and long term incentives). Ms Hastings is eligible to receive an annual STI bonus payment of up to 80% of her fixed annual remuneration, subject to the achievement of performance criteria determined by the Board. Ms Hastings is also eligible to participate in the Group's Long Term Incentive Plan ("LTIP"). The current LTIP is the Performance Rights Plan approved by shareholders at the 2013 Annual General Meeting. Subject to any required or appropriate shareholder approval, Ms Hastings' allocation of performance rights under the LTIP will be determined based on a face value of 80% of the fixed annual remuneration.
Termination	Either party may terminate the agreement at any time by giving six months' notice. On termination, the Group may at its discretion make a payment in lieu of all or part of the notice period based on Ms Hastings' fixed annual remuneration at the time of the notice of termination. Ms Hastings may terminate immediately if there is a fundamental change in her responsibilities or authority without her consent. In that case, Ms Hastings is entitled to a payment equivalent to six months' fixed annual remuneration. The Group may terminate the agreement immediately in circumstances of misconduct, or if Ms Hastings breaches any material term of the agreement, in which case there is no payment in lieu of notice.
Restraint	The agreement contains non-solicitation and other restraints that apply for a restriction period of up to 12 months. Ms Hastings may receive a restraint payment for some or all of the restriction period, calculated based on her fixed annual remuneration at the termination date.

Employment contracts in respect of KMP for the year ended 30 June 2017

It is the Group's policy that employment contracts for the CEO and other senior executives are unlimited in term.

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

Employment contracts in respect of KMP for the year ended 30 June 2017 (continued)
Termination provisions in the employment contracts with other executive KMP are summarised in the table below:

Executive	Termination by the executive	Termination by the Group	Expiry date of contract
NC Arundel GC Dean MR Duff HR Eberstaller	The notice period is one month.	The notice period is one month. On termination, the Group may make a payment in lieu of notice, equal to the notice period. The Group retains the right to terminate the contract immediately under certain conditions. On termination, the executive is entitled to accrued annual and long service benefits. There are no other termination payments. Payment of any LTI (or pro-rata thereof) is subject to the rules in operation at the termination date and at the discretion of the Board.	Not applicable, rolling contracts.
BA Sergeant	The notice period is three months.	The notice period is three months. On termination, the Group may make a payment in lieu of notice, equal to the notice period. The Group retains the right to terminate the contract immediately under certain conditions. On termination, the executive is entitled to accrued annual and long service benefits. There are no other termination payments. Payment of any LTI (or pro-rata thereof) is subject to the rules in operation at the termination date and at the discretion of the Board.	

Use of remuneration consultants
During the year, the Nomination and Remuneration Committee employed the services of Godfrey Remuneration Group Pty Limited ("GRG") to provide updated advice in respect of the remuneration of the role of the Managing Director and CEO. Under the terms of the engagement, GRG provided remuneration recommendations as defined in section 9B of the Corporations Act 2001 and was paid $2,500 for these services.

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

- GRG was engaged by, and reported directly to, the Chairman of the Board. The agreement for the provision of remuneration consulting services was executed by the Chairman on behalf of the Board;
- the report containing the remuneration recommendations was provided by GRG directly to the Chairman; and
- GRG was not required to speak to management in relation to the engagement and did not provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

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

Key management personnel
The KMP for the financial year are set out in the table below:

Name	Position	Period of responsibility	Employing company
Non-executive directors			
Alan Rydge	Chairman and non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Kenneth Chapman	Independent non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Peter Coates	Independent non-executive director and lead independent director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Valerie Davies	Independent non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
David Grant	Independent non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Patria Mann	Independent non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Richard Newton	Independent non-executive director	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Executive director			
David Seargeant	Managing Director and CEO	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Other executive KMP			
Norman Arundel (a)	Managing Director Rydges Hotels and Resorts	1 July 2016 to 29 August 2016	Rydges Hotels Limited
Gregory Dean	Director Finance & Accounting, Company Secretary	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Mathew Duff	Director Commercial	1 July 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Hans Eberstaller	Managing Director of Commercial, UK and Europe	1 July 2016 to 30 June 2017	The Greater Union Organisation Pty Limited
Jane Hastings (b)	Chief Operating Officer	29 August 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited
Brett Sergeant (c)	Director of Hospitality	15 August 2016 to 30 June 2017	EVENT Hospitality & Entertainment Limited

(a) Norman Arundel ceased to be a KMP of the Group effective 29 August 2016.
(b) Jane Hastings was appointed Managing Director and CEO effective 1 July 2017. Prior to this appointment, Ms Hastings held the position of Chief Operating Officer from 29 August 2016.
(c) Brett Sergeant commenced employment with the Group on 15 August 2016.

Directors' and executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other KMP of the Group are set out below:

		Short term				Post-employment	Share-based		Other long term		Other	Total	Proportion of remuneration performance related
		Fixed annual remuneration and fees $	STI bonuses $	Non-cash benefits $	Insurance premiums [(a)] $	Superannuation contributions $	Performance shares [(b)] $	Performance rights [(b)] $	Accrued annual leave $	Accrued long service leave $	Termination payments $	$	
DIRECTORS													
Non-executive													
AG Rydge	2017	293,384	–	–	–	19,616	–	–	–	–	–	313,000	–
	2016	293,692	–	–	–	19,308	–	–	–	–	–	313,000	–
KG Chapman	2017	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
	2016	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
PR Coates	2017	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
	2016	124,810	–	–	–	11,857	–	–	–	–	–	136,667	–
VA Davies	2017	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
	2016	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
DC Grant	2017	151,598	–	–	–	14,402	–	–	–	–	–	166,000	–
	2016	149,772	–	–	–	14,228	–	–	–	–	–	164,000	–
PM Mann	2017	135,160	–	–	–	12,840	–	–	–	–	–	148,000	–
	2016	129,071	–	–	–	12,262	–	–	–	–	–	141,333	–
RG Newton	2017	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
	2016	116,895	–	–	–	11,105	–	–	–	–	–	128,000	–
Executive													
DC Seargeant [(c)]	2017	2,000,384	1,970,000	–	–	19,616	–	3,466,906	36,631	39,100	1,959,618	9,492,255	57.3%
	2016	1,950,692	1,890,000	–	–	19,308	126,260	1,293,078	28,782	66,183	–	5,374,303	61.6%

Directors' and executives' remuneration (continued)

		Short term				Post-employment	Share-based		Other long term		Other	Total	
		Fixed annual remuneration and fees $	STI bonuses $	Non-cash benefits $	Insurance premiums [a] $	Superannuation contributions $	Performance shares [b] $	Performance rights [b] $	Accrued annual leave $	Accrued long service leave $	Termination payments $	$	Proportion of remuneration performance related
OTHER EXECUTIVE KMP													
NC Arundel [d]	2017	72,660	105,750	–	1,046	3,043	–	30,370	5,087	1,527	–	219,483	62.0%
	2016	468,692	253,898	–	6,094	19,308	14,130	142,943	(6,137)	9,193	–	908,121	–
GC Dean	2017	590,384	282,500	–	5,241	19,616	–	215,961	(13,419)	24,518	–	1,124,801	44.3%
	2016	545,692	255,750	–	4,753	19,308	12,546	166,473	14,067	24,398	–	1,042,987	–
MR Duff	2017	590,384	263,686	–	3,848	19,616	–	223,380	8,563	25,099	–	1,134,576	42.9%
	2016	545,692	250,050	–	3,440	19,308	13,521	176,412	2,313	25,043	–	1,035,779	–
HR Eberstaller	2017	360,384	185,000	–	2,183	19,616	–	124,240	(41,036)	(35,599)	–	614,788	50.3%
	2016	350,692	198,550	–	2,031	19,308	5,939	108,309	(30,265)	6,530	–	661,094	–
JM Hastings [e]	2017	735,588	–	–	1,650	17,311	–	31,877	21,634	–	–	808,060	3.9%
	2016	–	–	–	–	–	–	–	–	–	–	–	–
BA Sergeant [f]	2017	556,838	–	–	1,035	17,981	–	18,418	39,119	–	–	633,391	2.9%
	2016	–	–	–	–	–	–	–	–	–	–	–	–

Directors' and executives' remuneration (continued)

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

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

(c) DC Seargeant stepped down as Managing Director on 30 June 2017. The amount disclosed for Mr Seargeant's STI bonus was paid during the year ended 30 June 2017 based on achievement of personal goals and satisfaction of specified performance criteria for the 30 June 2016 year. A separate amount of $1,010,000 based on achievement of personal goals and satisfaction of specified performance criteria for the year ended 30 June 2017 will be paid in September 2017 (at the same time as STI payments for the year ended 30 June 2017 are made to other executive KMP). This represents 50% of the maximum possible award, and the remainder will be forfeited. Mr Seargeant's share-based payment expense in relation to the Group's Executive Performance Rights Plan includes an accelerated charge of $1,911,486 on termination in relation to the 2015, 2016 and 2017 awards which, in accordance with the Plan Rules, remain on-foot and will vest or lapse in accordance with the terms on which they were issued. This does not necessarily reflect the value (if any) that Mr Seargeant will receive for these unvested performance rights, because this will depend on whether the hurdles are achieved and, if they are, the share price at the date of vesting.

(d) NC Arundel ceased to be a key management person of the Group effective 29 August 2016. Amounts disclosed in the table above are in respect of the period for which NC Arundel was a key management person.

(e) JM Hastings commenced employment with the Group on 29 August 2016.

(f) BA Sergeant commenced employment with the Group on 15 August 2016.

Analysis of STI bonuses included in remuneration

The bonus table below is calculated on the basis of including bonuses awarded during the year ended 30 June 2017. It only includes remuneration relating to the portion of the relevant periods that each individual was a KMP. Details of the vesting profile of the STI bonuses awarded as remuneration to the CEO and other executive KMP of the Group are shown below:

	Included in remuneration [a] $	Awarded in year	Not awarded in year [b]
Managing Director and CEO			
DC Seargeant [c]	1,970,000	100%	–
Other executive KMP			
NC Arundel	105,750	43.3%	56.7%
GC Dean	282,500	100%	–
MR Duff	263,686	93.3%	6.7%
HR Eberstaller	185,000	100%	–
JM Hastings [d]	–	–	–
BA Sergeant [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 30 June 2016 year. No amounts vest in future years in respect of the STI bonus schemes for the 2016 year.

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

(c) The amount awarded to the Managing Director reflects the achievements discussed in the Review of Operations by Division in the Directors' Report, the Group's performance, management of current property developments and other business growth targets. The Board considers the specific targets to be commercially sensitive and accordingly further details of these targets have not been disclosed.

(d) JM Hastings commenced employment with the Group on 29 August 2016 and consequently was not eligible for an STI payment during the year ended 30 June 2017.

(e) BA Sergeant commenced employment with the Group on 15 August 2016 and consequently was not eligible for an STI payment during the year ended 30 June 2017.

Other transactions with key management personnel and their related parties

AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were $20,240 (2016: $21,057). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $780,420 (2016: $704,799).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $98,527 (2016: $96,764). Rent is charged to AG Rydge at market rates.

A controlled entity has entered into a lease agreement for a cinema complex in Townsville with an entity related to KG Chapman. Rent paid under the lease is at market rates.

Other transactions with key management personnel and their related parties (continued)

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

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

Executive Performance Rights Plan – current LTI plan

Analysis of LTI performance rights granted as remuneration

Details of the vesting profile of performance rights granted as remuneration to the CEO and other executive KMP are shown below:

						Fair value	
	Number	Grant date	Vested during the year	Forfeited during the year	Year in which the grant vests	Performance right – EPS $	Performance right – TSR $
Managing Director and CEO							
DC Seargeant	140,000	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92
	140,000	18 Feb 2016	–	–	30 Jun 2019	14.01	11.40
	170,000	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
Other executive KMP							
NC Arundel [(a)]	13,650	18 Feb 2016	–	–	30 Jun 2019	14.01	11.40
	19,548	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
GC Dean	20,538	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92
	19,755	18 Feb 2016	–	–	30 Jun 2019	14.01	11.40
	23,870	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
MR Duff	20,538	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92
	19,755	18 Feb 2016	–	–	30 Jun 2019	14.01	11.40
	25,667	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
HR Eberstaller	10,235	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92
	10,349	18 Feb 2016	–	–	30 Jun 2019	14.01	11.40
	14,825	19 Feb 2015	–	–	30 Jun 2018	10.74	8.40
JM Hastings	30,303	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92
BA Sergeant	17,508	16 Feb 2017	–	–	30 Jun 2020	11.09	3.92

(a) NC Arundel ceased to be a KMP of the Group effective 29 August 2016. No performance rights were granted to Mr Arundel during the period from 1 July 2016 to 29 August 2016.

Executive Performance Rights Plan – current LTI plan (continued)

Analysis of movements in performance rights

The movement during the year, by value, of performance rights in the Company held by the Managing Director and other executive KMP is detailed below:

	Granted during the year [(a)] $	Exercised during the year $	Performance rights exercised Number	Amount paid per right exercised $
Managing Director and CEO				
DC Seargeant	1,050,700	2,913,050	205,000	–
Other executive KMP				
NC Arundel [(b)]	–	–	–	–
GC Dean	154,138	303,469	21,356	–
MR Duff	154,138	326,588	22,983	–
HR Eberstaller	76,810	245,989	17,311	–
JM Hastings	227,420	–	–	–
BA Sergeant	131,398	–	–	–

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

(b) NC Arundel ceased to be a KMP of the Group effective 29 August 2016. No performance rights were granted to or exercised by Mr Arundel during the period from 1 July 2016 to 29 August 2016.

No performance rights have been granted since the end of the year.

Performance rights holdings and transactions

The movement during the year in the number of performance rights in EVENT Hospitality & Entertainment Limited held by the CEO and other executive KMP is detailed below:

		Held at the beginning of the year	Granted	Exercised	Forfeited	Other [(a)]	Held at the end of the year
Managing Director and CEO							
DC Seargeant	2017	515,000	140,000	(205,000)	–	–	450,000
	2016	375,000	140,000	–	–	–	515,000
Other executive KMP							
NC Arundel [(a)]	2017	56,083	–	–	–	(56,083)	–
	2016	42,433	13,650	–	–	–	56,083
GC Dean	2017	64,981	20,538	(21,356)	–	–	64,163
	2016	45,226	19,755	–	–	–	64,981
MR Duff	2017	68,405	20,538	(22,983)	–	–	65,960
	2016	48,650	19,755	–	–	–	68,405
HR Eberstaller	2017	42,485	10,235	(17,311)	–	–	35,409
	2016	32,136	10,349	–	–	–	42,485
JM Hastings	2017	–	30,303	–	–	–	30,303
	2016	–	–	–	–	–	–
BA Sergeant	2017	–	17,508	–	–	–	17,508
	2016	–	–	–	–	–	–

(a) NC Arundel ceased to be a KMP of the Group effective 29 August 2016. This movement represents the balance of performance rights held at that date.

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

Executive Performance Share Plan – previous LTI plan

Performance shares exercised during the year

Details of performance shares in the Company exercised during the year by the CEO and other executive KMP are shown below:

	Exercised during the year [(a)] $	Performance shares exercised Number	Amount paid per performance share $
Managing Director and CEO			
DC Seargeant	–	–	–
Other executive KMP			
NC Arundel [(b)]	–	–	–
GC Dean	–	–	–
MR Duff	585,434	38,617	Nil
HR Eberstaller	135,151	8,915	Nil
JM Hastings	–	–	–
BA Sergeant	–	–	–

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

(b) NC Arundel ceased to be a KMP of the Group effective 29 August 2016. No performance shares were exercised by Mr Arundel during the period from 1 July 2016 to 29 August 2016.

Performance share holdings and transactions

The movement during the year in the number of performance shares in EVENT Hospitality & Entertainment Limited held by the Managing Director and other executive KMP is detailed below:

		Held at the beginning of the year	Granted	Exercised	Forfeited	Other [(a)]	Held at the end of the year
Managing Director and CEO							
DC Seargeant	2017	402,500	–	–	–	–	402,500
	2016	802,500	–	(400,000)	–	–	402,500
Other executive KMP							
NC Arundel [(a)]	2017	23,502	–	–	–	(23,502)	–
	2016	73,037	–	(49,535)	–	–	23,502
GC Dean	2017	–	–	–	–	–	–
	2016	33,413	–	(33,413)	–	–	–
MR Duff	2017	85,665	–	(38,617)	–	–	47,048
	2016	85,665	–	–	–	–	85,665
HR Eberstaller	2017	35,529	–	(8,915)	–	–	26,614
	2016	35,529	–	–	–	–	35,529
JM Hastings	2017	–	–	–	–	–	–
	2016	–	–	–	–	–	–
BA Sergeant	2017	–	–	–	–	–	–
	2016	–	–	–	–	–	–

(a) NC Arundel ceased to be a KMP of the Group effective 29 August 2016. This movement represents the balance of performance shares held at that date.

No performance shares have been granted since the end of the year. There were no performance shares held by the related parties of KMP.

Equity holdings and transactions

The movement during the year in the number of ordinary shares of EVENT Hospitality & Entertainment Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

		Held at the beginning of the year	Purchases	Received on release of performance shares or rights	Sales	Other [(a)]	Held at the end of the year
Directors							
AG Rydge (Chairman)	2017	72,788,603	–	–	–	–	72,788,603
	2016	72,234,355	554,248	–	–	–	72,788,603
KG Chapman	2017	57,500	–	–	–	–	57,500
	2016	57,500	–	–	–	–	57,500
PR Coates	2017	46,960	–	–	–	–	46,960
	2016	46,960	–	–	–	–	46,960
VA Davies	2017	10,000	4,000	–	–	–	14,000
	2016	10,000	–	–	–	–	10,000
DC Grant	2017	3,000	2,000	–	–	–	5,000
	2016	2,000	1,000	–	–	–	3,000
PM Mann	2017	6,000	142	–	–	–	6,142
	2016	2,000	4,000	–	–	–	6,000
RG Newton	2017	66,840	–	–	–	–	66,840
	2016	66,840	–	–	–	–	66,840
DC Seargeant	2017	469,490	–	205,000	–	–	674,490
(Managing Director)	2016	469,490	–	400,000	(400,000)	–	469,490
Other KMP							
NC Arundel [(a)]	2017	59,781	–	–	–	(59,781)	–
	2016	10,246	–	49,535	–	–	59,781
GC Dean	2017	101,508	–	21,356	–	–	122,864
	2016	68,095	–	33,413	–	–	101,508
MR Duff	2017	–	–	61,600	(38,401)	–	23,199
	2016	–	–	–	–	–	–
HR Eberstaller	2017	–	–	26,226	(15,126)	–	11,100
	2016	–	–	–	–	–	–
JM Hastings	2017	–	–	–	–	–	–
	2016	–	–	–	–	–	–
BA Sergeant	2017	–	–	–	–	–	–
	2016	–	–	–	–	–	–

(a) NC Arundel ceased to be a key management person of the Group effective 29 August 2016. This movement represents the balance of shares held at that date.

No shares were granted to KMP as compensation in the year ended 30 June 2017. Performance rights were granted to certain KMP as disclosed on page 28.

End of Directors' Report: Remuneration Report – Audited

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

To: the directors of Event Hospitality & Entertainment Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit of Event Hospitality & Entertainment Limited for the financial year ended 30 June 2017 there have been:

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

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

KPMG

KPMG

Anthony Travers

Partner

Sydney

24 August 2017

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4.4	92,318	145,040
Trade and other receivables	3.1	55,051	38,855
Inventories	3.2	20,409	32,731
Prepayments and other current assets		10,458	8,730
Total current assets		178,236	225,356
Non-current assets			
Trade and other receivables	3.1	1,519	1,123
Other financial assets		1,396	1,396
Available-for-sale financial assets	4.5	19,928	20,067
Investments accounted for using the equity method	5.3	10,942	11,969
Property, plant and equipment	3.3	1,237,708	1,042,683
Investment properties	3.4	68,250	68,500
Goodwill and other intangible assets	3.5	108,899	106,595
Deferred tax assets	2.4	6,333	7,871
Other non-current assets		3,115	4,207
Total non-current assets		1,458,090	1,264,411
Total assets		1,636,326	1,489,767
LIABILITIES			
Current liabilities			
Trade and other payables	3.6	106,895	100,607
Loans and borrowings	4.4	325,441	2,025
Current tax liabilities	2.4	790	20,198
Provisions	3.7	20,613	19,961
Deferred revenue	2.1	88,235	88,575
Other current liabilities	3.8	3,841	3,808
Total current liabilities		545,815	235,174
Non-current liabilities			
Loans and borrowings	4.4	2,360	202,610
Deferred tax liabilities	2.4	12,192	15,558
Provisions	3.7	14,340	13,470
Deferred revenue	2.1	8,720	6,453
Other non-current liabilities	3.8	2,610	3,758
Total non-current liabilities		40,222	241,849
Total liabilities		586,037	477,023
Net assets		1,050,289	1,012,744
EQUITY			
Share capital	4.1	219,126	219,126
Reserves	4.3	54,933	46,321
Retained earnings		776,230	747,297
Total equity		1,050,289	1,012,744

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 37 to 89.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Revenue and other income			
Revenue from sale of goods and rendering of services	2.1	1,217,058	1,211,447
Other revenue and income	2.1	77,211	69,442
		1,294,269	1,280,889
Expenses			
Employee expenses		(308,536)	(284,532)
Occupancy expenses		(256,145)	(251,405)
Film hire and other film expenses		(244,231)	(256,764)
Purchases and other direct expenses		(118,698)	(103,963)
Depreciation, amortisation and impairments		(84,591)	(82,916)
Other operating expenses		(80,291)	(73,944)
Advertising, commissions and marketing expenses		(37,338)	(34,866)
Finance costs		(9,802)	(8,946)
		(1,139,632)	(1,097,336)
Equity profit			
Share of net profit of equity accounted associates and joint ventures	5.3	2,684	2,273
Profit before tax		157,321	185,826
Income tax expense	2.4	(46,502)	(55,578)
Profit for the year		110,819	130,248

	Note	2017 Cents	2016 Cents
Earnings per share			
Basic earnings per share	2.5	69.6	82.2
Diluted earnings per share	2.5	68.7	81.0

The Income Statement is to be read in conjunction with the notes to the financial statements on pages 37 to 89.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 $'000	2016 $'000
Profit for the year	110,819	130,248
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	381	6,054
Transfer from foreign currency translation reserve to the Income Statement on sale of interest in Fiji Cinema Joint Venture	306	–
Net change in fair value of available-for-sale financial assets – net of tax	(97)	66
Net change in fair value of cash flow hedges – net of tax	(20)	–
Other comprehensive income for the year – net of tax	570	6,120
Total comprehensive income for the year	111,389	136,368

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements on pages 37 to 89.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2016	219,126	46,321	747,297	1,012,744
Profit for the year	–	–	110,819	110,819
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	381	–	381
Transfer from foreign currency translation reserve to the Income Statement on sale of interest in Fiji Cinemas Joint Venture	–	306	–	306
Net change in fair value of available-for-sale financial assets – net of tax	–	(97)	–	(97)
Net change in fair value of cash flow hedging instruments – net of tax	–	(20)	–	(20)
Total other comprehensive income recognised directly in equity	–	570	–	570
Total comprehensive income for the year	–	570	110,819	111,389
Employee share-based payments expense – net of tax	–	8,042	–	8,042
Dividends paid	–	–	(81,886)	(81,886)
Total transactions with owners	–	8,042	(81,886)	(73,844)
Balance at 30 June 2017	219,126	54,933	776,230	1,050,289
Balance at 1 July 2015	219,126	35,210	708,568	962,904
Profit for the year	–	–	130,248	130,248
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	6,054	–	6,054
Net change in fair value of available-for-sale financial assets – net of tax	–	66	–	66
Total other comprehensive income recognised directly in equity	–	6,120	–	6,120
Total comprehensive income for the year	–	6,120	130,248	136,368
Employee share-based payments expense – net of tax	–	4,991	–	4,991
Dividends paid	–	–	(91,519)	(91,519)
Total transactions with owners	–	4,991	(91,519)	(86,528)
Balance at 30 June 2016	219,126	46,321	747,297	1,012,744

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 37 to 89.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,366,585	1,372,026
Cash payments in the course of operations		(1,162,968)	(1,148,113)
Cash provided by operations		203,617	223,913
Dividends from associates and joint ventures		3,692	2,415
Other revenue		56,745	45,667
Dividends received		795	715
Interest received		807	915
Finance costs paid		(9,793)	(8,902)
Income tax refunds		–	863
Income tax paid		(67,182)	(53,116)
Net cash provided by operating activities	7.3	188,681	212,470
Cash flows from investing activities			
Proceeds from disposal of interest in joint operation		9,088	–
Proceeds from disposal of other non-current assets		5	22,000
Payments for property, plant and equipment and redevelopment of properties		(258,956)	(173,841)
Payments for businesses acquired, including intangible assets		(31,249)	(26,549)
Purchase of management and leasehold rights, software and other intangible assets		(1,405)	(6,429)
Payment for additional interests in joint arrangements, net of cash acquired		–	(6,813)
(Decrease)/increase in loans from other entities		(472)	288
Net cash used by investing activities		(282,989)	(191,344)
Cash flows from financing activities			
Proceeds from borrowings		275,765	193,858
Repayments of borrowings		(150,127)	(113,698)
Dividends paid	4.2	(81,886)	(91,519)
Net cash provided/(used) by financing activities		43,752	(11,359)
Net (decrease)/increase in cash and cash equivalents		(50,556)	9,767
Cash and cash equivalents at the beginning of the year		145,040	133,680
Effect of exchange rate fluctuations on cash held		(2,166)	1,593
Cash and cash equivalents at the end of the year		92,318	145,040

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 37 to 89.

SECTION 1 – BASIS OF PREPARATION

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

1.1 – REPORTING ENTITY

EVENT Hospitality & Entertainment Limited ("Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates, joint ventures and joint operations.

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

The financial report was authorised for issue by the Board of Directors of EVENT Hospitality & Entertainment Limited on 24 August 2017.

1.2 – BASIS OF PREPARATION

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

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

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

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

1.2 – BASIS OF PREPARATION (continued)

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Notes 3.3 (Property, plant and equipment), 3.4 (Investment properties) and 4.5 (Financial risk management).

1.3 – FOREIGN CURRENCY

Functional and presentation currency
All amounts are expressed in Australian dollars, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Australian dollars.

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

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

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

Net investment in foreign operations
Exchange differences arising from the translation of the net investment in foreign operations, and the effective portion of related hedges, are taken to the foreign currency translation reserve. They are released to profit or loss as an adjustment to profit or loss on disposal. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income and presented in the foreign currency translation reserve in equity.

SECTION 1 – BASIS OF PREPARATION

1.4 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for:

- AASB 9 *Financial Instruments*;
- AASB 15 *Revenue from Contracts with Customers*; and
- AASB 16 *Leases*.

The Group does not plan to adopt these standards early and the Group's initial assessment of the likely extent of their impact is set out below.

AASB 9 *Financial Instruments*
The adoption of this standard is not expected to have a material impact on the amounts recognised in the Group's financial statements. However, the new standard introduces expanded disclosure requirements and changes in presentation which are expected to change the nature and extent of the Group's disclosures regarding its financial instruments.

AASB 15 *Revenue from Contracts with Customers*
The Group is assessing the impact on its consolidated financial statements resulting from the application of the new standard. A majority of the Group's revenue is received in cash from customers for the provision of services and sale of goods, and there is not expected to be any impact of the new standard on these cash transactions. There may be an impact on the Group's accounting policies in relation to its loyalty programs, certain long-term sponsorship agreements, and hotel management agreements; however, it is not anticipated that the impact of any changes in these policies will be material to the Group's financial statements.

AASB 16 *Leases*
This standard will have a material impact on the Group's accounting for operating leases. The Group has extensive operating lease arrangements, details of which are disclosed in Notes 5.3 and 7.1 in accordance with AASB 117 *Leases*. The new standard requires the recognition of a right-of-use ("ROU") asset and lease liability for each operating lease, with certain limited exceptions. Rental expense will no longer be recognised in respect of operating leases. Instead, the ROU asset will be depreciated over the lease term, whilst interest expense will be incurred in respect of the lease liability. These changes will have the effect of materially increasing the Group's earnings before interest, tax, depreciation and amortisation, and materially increasing the Group's depreciation and interest expenditure, whilst also potentially having a material impact on net profit after tax, which will vary from year to year, and has yet to be quantified by the Group.

AASB 16 allows entities to apply certain transitional provisions on initial adoption of the standard. The Group has yet to determine whether any of these transitional provisions will be applied on initial adoption in the Group's financial statements for the year ending 30 June 2020.

Further information regarding the likely impact of this new standard will be disclosed in the financial report for the year ending 30 June 2018.

SECTION 2 – PERFORMANCE FOR THE YEAR

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

2.1 – REVENUE

Accounting policy

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

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

Rendering of services

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

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

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

Sale of goods

- Merchandise (including food and beverages) is recognised at the point of sale.

Other revenue and income

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

	2017 $'000	2016 $'000
Revenue		
Rendering of services	849,453	850,284
Sale of goods	367,605	361,163
	1,217,058	1,211,447
Other revenue		
Rental revenue	26,470	24,182
Management and consulting fees	20,594	21,074
Apartment sales	15,130	–
Finance revenue	807	915
Dividends	795	715
Sundry	961	411
	64,757	47,297
Other income		
Reversal of impairment charges booked in previous years	–	1,712
Insurance proceeds	8,720	155
Increase in fair value of investment properties	–	580
Profit on sale of the Group's interest in the Fiji Cinema Joint Venture	3,729	–
Profit on sale of property, plant and equipment	5	19,698
	12,454	22,145
	1,294,269	1,280,889

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING

Accounting policy
An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses from transactions with other Group segments. All segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to a segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment, before individually significant items, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate head office assets, head office expenses, and income tax assets and liabilities.

Additions to non-current segment assets are the total cost incurred during the period to acquire assets that include amounts expected to be recovered over more than 12 months after the year end date. Amounts include property, plant and equipment, but exclude financial instruments and deferred tax assets.

Segment information is presented in respect of the Group's reporting segments. These are the Group's main strategic business segments and have differing risks and rewards associated with the business due to their different product or service and geographic markets. For each of these operating segments, the Group's CEO regularly reviews internal management reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to those of other businesses. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest bearing loans and borrowings and borrowing costs, interest income and corporate head office assets and expenses.

Operating segments
The Group comprises the following main operating segments:

Entertainment Australia
Includes the cinema exhibition operations in Australia, technology equipment supply and servicing, and the State Theatre.

Entertainment New Zealand
Includes cinema exhibition operations in New Zealand and Fiji.

Entertainment Germany
Includes the cinema exhibition operations in Germany.

Hotels and Resorts
Includes the ownership, operation and management of hotels in Australia and overseas.

Thredbo Alpine Resort
Includes all the operations of the resort including property development activities.

Property and Other Investments
Includes property rental, investment properties and available-for-sale financial assets.

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

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)	Entertainment						
Operating segments	**Australia $'000**	**New Zealand $'000**	**Germany $'000**	**Hotels and Resorts $'000**	**Thredbo Alpine Resort $'000**	**Property and Other Investments $'000**	**Consolidated $'000**
2017							
Revenue and other income							
External segment revenue	471,188	94,076	307,107	306,383	66,609	14,732	1,260,095
Other income – external	–	–	–	20	–	780	800
Finance revenue							807
Other unallocated revenue							27
Revenue and other income before individually significant items							1,261,729
Individually significant items							32,540
Revenue and other income							1,294,269
Result							
Segment result before individually significant items	78,492	10,787	20,027	52,734	18,187	9,343	189,570
Share of net profit of equity accounted investees	465	–	2,219	–	–	–	2,684
Total segment result before individually significant items	78,957	10,787	22,246	52,734	18,187	9,343	192,254
Unallocated revenue and expenses							(22,322)
Net finance costs							(8,995)
Individually significant items							(3,616)
Profit before related income tax expense							157,321
Income tax expense							(46,502)
Profit after income tax expense							110,819
Amortisation and depreciation (net of impairment write-downs)	(28,705)	(6,678)	(10,316)	(21,433)	(3,820)	(2,653)	(73,605)
Impairment write-downs of property, plant and equipment	–	–	–	(8,870)	(2,116)	–	(10,986)
Amortisation and depreciation	(28,705)	(6,678)	(10,316)	(30,303)	(5,936)	(2,653)	(84,591)
Reversal of impairment write-downs made in prior years	–	–	–	–	–	–	–

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2017							
Assets							
Reportable segment assets	291,632	74,682	150,426	688,432	41,940	345,440	1,592,552
Equity accounted investments	8,400	–	2,542	–	–	–	10,942
	300,032	74,682	152,968	688,432	41,940	345,440	1,603,494
Deferred tax assets							6,333
Unallocated corporate assets							26,499
Total assets							1,636,326
Liabilities							
Reportable segment liabilities	105,669	12,826	59,475	42,766	19,529	–	240,265
Deferred tax liabilities							12,192
Unallocated corporate liabilities							333,580
Total liabilities							586,037
Acquisitions of non-current assets	25,725	8,658	16,909	115,263	2,494	122,698	291,747

2017

Geographical information	Australia $'000	New Zealand $'000	Germany $'000	Consolidated $'000
External segment revenue	820,620	132,368	307,107	1,260,095
Reportable segment assets	1,250,069	192,057	150,426	1,592,552
Equity accounted investments	8,400	–	2,542	10,942
Acquisitions of non-current assets	240,330	34,508	16,909	291,747

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued) Operating segments	Entertainment Australia $'000	 New Zealand $'000	 Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2016							
Revenue and other income							
External segment revenue	477,947	89,341	340,166	278,159	60,431	11,007	1,257,051
Other income – external	–	–	–	169	79	1,285	1,533
Finance revenue							915
Other unallocated revenue							63
Revenue and other income before individually significant items							1,259,562
Individually significant items							21,327
Revenue and other income							1,280,889
Result							
Segment result before individually significant items	88,262	10,508	34,022	51,597	15,007	5,584	204,980
Share of net profit of equity accounted investees	253	–	2,020	–	–	–	2,273
Total segment result before individually significant items	88,515	10,508	36,042	51,597	15,007	5,584	207,253
Unallocated revenue and expenses							(21,308)
Net finance costs							(8,031)
Individually significant items							7,912
Profit before related income tax expense							185,826
Income tax expense							(55,578)
Profit after income tax expense							130,248
Amortisation and depreciation (net of impairment write-downs)	(23,587)	(6,525)	(10,754)	(22,321)	(3,795)	(2,519)	(69,501)
Impairment write-downs of property, plant and equipment	–	–	–	(13,415)	–	–	(13,415)
Amortisation and depreciation	(23,587)	(6,525)	(10,754)	(35,736)	(3,795)	(2,519)	(82,916)
Reversal of impairment write-downs made in prior years	–	–	–	1,712	–	–	1,712

SECTION 2 – PERFORMANCE FOR THE YEAR

2.2 – SEGMENT REPORTING (continued)

Operating segments	Entertainment Australia $'000	Entertainment New Zealand $'000	Entertainment Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Consolidated $'000
2016							
Assets							
Reportable segment assets	283,878	70,770	207,128	615,737	45,277	226,312	1,449,102
Equity accounted investments	9,236	–	2,733	–	–	–	11,969
	293,114	70,770	209,861	615,737	45,277	226,312	1,461,071
Deferred tax assets							7,871
Unallocated corporate assets							20,825
Total assets							1,489,767
Liabilities							
Reportable segment liabilities	113,588	16,235	58,910	32,685	16,409	111	237,938
Deferred tax liabilities							15,558
Unallocated corporate liabilities							223,527
Total liabilities							477,023
Acquisitions of non-current assets	59,789	1,817	21,586	115,765	4,040	13,676	216,673

2016

Geographical information	Australia $'000	New Zealand and Fiji $'000	Germany $'000	Consolidated $'000
External segment revenue	789,252	127,633	340,166	1,257,051
Reportable segment assets	1,079,496	162,478	207,128	1,449,102
Equity accounted investments	9,236	–	2,733	11,969
Acquisitions of non-current assets	146,014	49,073	21,586	216,673

2.3 – INDIVIDUALLY SIGNIFICANT ITEMS

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

	2017 $'000	2016 $'000
Profit on sale of apartments	2,105	–
Profit on sale of an interest in a cinema circuit in Fiji	3,729	–
Write-back of expired voucher stock	5,184	–
Net proceeds from insurance	5,457	–
Pre-opening expenses relating to the launch and opening of hotels	(3,579)	–
Managing Director retirement and transition costs	(5,526)	–
Impairments or disposal of land, buildings and plant and equipment	(10,986)	(13,415)
Profit on sale of Mosman cinema site	–	19,615
Reversal of impairment charges booked in previous years	–	1,712
	(3,616)	7,912

2.4 – TAXATION

Accounting policy

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

Current tax

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

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

Deferred tax

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

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

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

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

The Group has unrecognised deferred tax assets in respect of certain foreign tax revenue losses as disclosed on page 48. The utilisation of the tax revenue losses is dependent upon the generation of sufficient future taxable profits within the applicable foreign tax entities and a deferred tax asset is only recognised to the extent that it is supported by sufficient forecast taxable profits. Assumptions regarding the generation of future taxable profits relevant to those foreign tax entities has been based upon management's budget estimates and forecasts. Management considers that the forecast of taxable profits for the applicable foreign tax entities is subject to risk and uncertainty; hence, the Group has not recognised all of the losses as a deferred tax asset.

SECTION 2 – PERFORMANCE FOR THE YEAR

2.4 – TAXATION (continued)	**2017 $'000**	**2016 $'000**
Income tax expense		
The major components of income tax expense are:		
Income tax recognised in profit or loss	46,502	55,578
Current income tax		
Current income tax expense	49,958	56,109
Income tax over provided in prior year	(1,908)	(190)
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,548)	(341)
Income tax expense reported in the Income Statement	46,502	55,578
Income tax (credited)/charged directly in equity		
Deferred income tax related to items (credited)/charged directly in equity:		
Relating to other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	(4)	–
Unrealised gain on available-for-sale financial assets	(42)	29
Currency translation movements of deferred tax balances of foreign operations	(373)	395
Net loss/(gain) on hedge of net investment in overseas subsidiaries	32	(879)
	(387)	(455)
Relating to other equity balances		
Adjustment to shared-based payments reserve	–	19
Income tax benefit reported in equity	(387)	(436)
Reconciliation between income tax expense and pre-tax profit		
A reconciliation between income tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax expense	157,321	185,826
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2016: 30%) on accounting profit	47,196	55,748
Increase in income tax expense due to:		
Impairment write-down of land and buildings	1,057	1,199
Non-deductible items and losses in non-resident controlled entities	1,757	2,628
Amortisation of management rights and other intangible assets	936	1,324
Depreciation and amortisation of buildings	404	400
Other	542	815
	4,696	6,366
Decrease in income tax expense due to:		
Tax losses from prior years now recognised or utilised	523	4,102
Share of incorporated joint venture net profit	969	846
Non-assessable profit on disposal of interest in the Fiji Cinema Joint Venture	212	–
Other	1,778	1,398
	3,482	6,346
Income tax over provided in prior year	(1,908)	(190)
	46,502	55,578

2.4 – TAXATION (continued)	2017 $'000	2016 $'000
Unrecognised deferred tax assets		
Revenue losses – foreign	2,027	2,277
	2,027	2,277

Included in the deferred tax assets not recognised is the gross value of tax revenue losses arising in Germany of $6,757,000 (2016: $7,591,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law. At 30 June 2017, there was no recognised deferred income tax liability (2016: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or incorporated joint ventures.

Deferred tax liabilities and assets	Statement of Financial Position		Income Statement	
Deferred tax liabilities	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities comprise:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	29,888	27,163	3,049	(1,076)
Investment properties	8,801	8,120	681	240
Available-for-sale financial assets	4,461	4,503	(1)	–
Share of joint arrangement timing differences	49	75	(26)	(82)
Expenditure immediately deductible for tax but amortised for accounting purposes	4,342	4,606	(267)	1,373
Accrued revenue	262	653	(375)	(462)
Prepayments	79	96	(4)	(67)
Interest and deferred financing costs	563	886	(323)	(78)
Share-based payments immediately deductible for tax but deferred and amortised for accounting purposes	321	1,432	(1,111)	(113)
Unrealised foreign exchange gains not currently assessable	1,518	1,631	(147)	(426)
Sundry items	557	871	(310)	64
	50,841	50,036		
Less: deferred tax assets of the tax consolidated group offset against deferred tax liabilities	(38,649)	(34,478)		
	12,192	15,558		
Deferred tax assets				
Deferred tax assets comprise:				
Difference in depreciation and amortisation of property, plant and equipment and intangible assets for accounting and income tax purposes	6,296	4,440	(1,879)	497
Share of joint arrangement timing differences	10,105	9,207	(898)	(977)
Provisions and accrued employee benefits not currently deductible	8,527	9,037	543	382
Deferred revenue	4,864	4,664	(200)	1,637
Accrued expenses	2,024	987	(1,037)	(331)
Discounted long term lease and non-interest bearing loan liabilities	34	34	–	–
Difference between book and tax values of residential apartment development	17	496	479	–
Share-based payments not currently deductible for tax	3,472	2,184	(1,288)	(1,385)
Tax losses carried forward	5,398	7,578	2,072	116
Unrealised foreign exchange losses not currently deductible	2,744	2,952	211	462
Sundry items	1,501	770	(719)	(115)
	44,982	42,349		
Less: deferred tax liabilities of the tax consolidated group offset against deferred tax assets	(38,649)	(34,478)		
	6,333	7,871		
Deferred tax benefit			(1,550)	(341)

2.5 – EARNINGS PER SHARE

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

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

	2017 $'000	2016 $'000
Profit attributable to ordinary shareholders (basic and diluted)	110,819	130,248
	Number	**Number**
Weighted average number of ordinary shares (basic)	159,162,961	158,516,676
Effect of performance shares and performance rights	2,076,392	2,212,859
Weighted average number of ordinary shares (diluted)	161,239,353	160,729,535

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

SECTION 3 – OPERATING ASSETS AND LIABILITIES

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

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

3.1 – TRADE AND OTHER RECEIVABLES

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

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

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

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

Receivables are stated with the amount of goods and services tax ("GST") or equivalent tax included.

	2017 $'000	**2016 $'000**
Current		
Trade receivables	26,581	18,705
Less: allowance for trade receivables	(615)	(743)
	25,966	17,962
Other receivables	29,085	20,893
	55,051	38,855
Non-current		
Other receivables	1,476	1,070
Receivable from associates	43	43
Present value of loans provided under the Employee Share Plan	–	10
	1,519	1,123

As at 30 June 2017, trade receivables with a value of $615,000 (2016: $743,000) were impaired and fully provided for. The movement in the allowance is not considered material.

As at 30 June 2017, trade receivables for the Group that were past due but not impaired were $4,048,000 (2016: $3,837,000), of which $2,112,000 (2016: $1,986,000) was less than 30 days overdue. The remainder is not considered material and consequently an ageing analysis has not been provided.

Other current receivables of $29,085,000 (2016: $20,893,000) do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be recovered when due.

3.2 – INVENTORIES

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

3.3 – PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

• plant and equipment	3 – 20 years;
• buildings and improvements subject to long term leases	Shorter of estimated useful life and term of lease;
• freehold buildings	40 – 80 years; and
• resort apartments and share of common property	40 – 80 years.

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

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

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

Impairment testing of property, plant and equipment is performed at an individual hotel or cinema site level, with the exception of cinema sites within a single geographic location, which are tested as one cash-generating unit. Details regarding impairment testing performed at 30 June 2017 is set out below.

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings $'000	Land subject to long term leases $'000	Buildings and improvements subject to long term leases $'000	Resort apartments and share of common property $'000	Plant and equipment $'000	Capital work in progress $'000	Total $'000
2017							
Gross balance at the beginning of the year	662,557	1,345	340,045	31,860	730,939	96,491	1,863,237
Accumulated depreciation, amortisation and impairments at the beginning of the year	(114,799)	–	(193,266)	(23,652)	(488,837)	–	(820,554)
Net balance at the beginning of the year	547,758	1,345	146,779	8,208	242,102	96,491	1,042,683
Additions	11,670	–	5,189	–	12,624	229,473	258,956
Additions from acquisitions	16,241	–	377	–	5,751	–	22,369
Transfers	68,183	–	5,089	–	41,924	(114,091)	1,105
Disposals	(141)	–	–	–	(3,420)	–	(3,561)
Disposal of business	(2,096)	–	(430)	–	(3,177)	–	(5,703)
Depreciation and amortisation	(9,177)	–	(12,778)	(227)	(44,804)	–	(66,986)
Impairment	(6,179)	–	–	–	(2,691)	(2,116)	(10,986)
Effect of movement in foreign exchange	33	(1)	(36)	–	(352)	187	(169)
At 30 June 2017	626,292	1,344	144,190	7,981	247,957	209,944	1,237,708
2016							
Gross balance at the beginning of the year	579,253	56	300,186	31,860	670,480	76,980	1,658,815
Accumulated depreciation, amortisation and impairments at the beginning of the year	(95,195)	–	(183,700)	(18,414)	(449,564)	–	(746,873)
Net balance at the beginning of the year	484,058	56	116,486	13,446	220,916	76,980	911,942
Additions	16,752	50	4,397	–	10,857	141,785	173,841
Additions from acquisitions	–	1,002	17,644	–	2,851	–	21,497
Transfers	59,668	190	16,612	–	49,082	(122,842)	2,710
Disposals	(2,829)	–	(47)	–	(684)	–	(3,560)
Depreciation and amortisation	(7,968)	–	(11,794)	(411)	(41,573)	–	(61,746)
Impairment	(4,324)	–	912	(4,827)	(2,868)	–	(11,107)
Effect of movement in foreign exchange	2,401	47	2,569	–	3,521	568	9,106
At 30 June 2016	547,758	1,345	146,779	8,208	242,102	96,491	1,042,683

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

Independent valuations of interest in land and buildings
In assessing current values for the Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, the directors have relied in most cases upon independent valuations from registered qualified valuers or management value in use calculations. Except for investment properties, which are revalued every half year (refer to Note 3.4), valuations are generally carried out on a progressive three year cycle. The last valuations were completed as at June 2016 and June 2015.

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

This fair value disclosure has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Going concern value is based on capitalisation and discounted cash flow methodologies, and significant unobservable inputs include the forecast net income for each property, and the capitalisation and discount rates used in determining fair value. In the most recent valuations, capitalisation rates utilised ranged from 5.25% to 14.00% and pre-tax discount rates utilised ranged from 6.00% to 13.75% per annum. For certain sites where the going concern value was not the highest and best use, fair value was determined using a direct comparison methodology with reference to recent sales of similar properties.

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

Most recent valuations of interest in land and buildings, excluding investment properties	**2017 $'000**	**2016 $'000**
A summary of recent independent valuations, by year of the last valuation, is set out as follows:		
Existing use is highest and best use		
Independent valuation – 2016	474,326	474,460
– 2015	576,110	602,665
	1,050,436	1,077,125
Alternate use is highest and best use		
Independent valuation – 2015	75,600	85,200
Land and buildings not independently valued		
Book value of land and buildings not independently valued	389,626	170,796
	1,515,662	1,333,121

The book value of the above interests at 30 June 2017 was $1,044,822,000 (2016: $843,646,000). The written-down book value of plant and equipment which is deemed integral to land and buildings, has been determined to total approximately $139,857,000 as at 30 June 2017 (2016: $127,622,000).

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

3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment considerations at 30 June 2017

The trading performance of certain hotel properties caused the Group to assess their recoverable amount. Hotel properties are treated as separate cash-generating units and their recoverable values were estimated based on their value in use. In determining the estimated value in use, a discount rate of pre-tax 9.23% (2016: 9.06% to 13.00%) per annum was used. Cash flows were projected based on operating forecasts, with longer term cash flows, after the initial forecast periods, extrapolated using an average expected growth rate of 1.5% (2016: 1.5%) per annum. As a result of these assessments, impairment losses totalling $10,986,000 (2016: $13,415,000) were recognised in respect of hotel properties.

For hotels that had been subject to impairments in previous years, the trading performance and recoverable amount were also reviewed during the year. As a result of the review, there were no impairment charges booked in previous years, that were required to be reversed in the year. The 2016 year included impairment reversals totalling $1,712,000 that were recognised in respect of hotel properties. The recoverable amount was based on the most recent independent valuation as outlined above.

Given the long-life nature of these assets, the estimates of their recoverable value in use are particularly sensitive to changes in certain key assumptions. Although all assumptions used are considered to be appropriate at this time, an increase of one percentage point in the discount rate, for the hotel properties assessed would increase the impairment loss by $1,405,000. A 10% decrease in the forecast earnings would increase the impairment loss by $1,265,000.

The trading performance of certain cinema sites caused the Group to assess their recoverable amount. No impairment losses were recorded as a result of this assessment (2016: $nil).

Security

The following assets, whose carrying values are listed below, are subject to mortgage security to secure the Group's bank loan facilities (refer to Note 4.4):

	2017 $'000	2016 $'000
Freehold land and buildings	257,622	239,603
Freehold land and buildings classified as investment properties	13,750	17,250
	271,372	256,853

Capital commitments

	2017 $'000	2016 $'000
Capital expenditure commitments contracted but not provided for and payable	70,715	26,537

3.4 – INVESTMENT PROPERTIES

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

When the use of a property changes from owner occupied to investment property, the property is reclassified as an investment property. Any difference at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised directly to the investment property revaluation reserve if it is an increase and to profit or loss if it is a decrease. A gain may be recognised to profit on remeasurement only to the extent it reverses a previous impairment loss on the property. Subsequent transfers from investment property to property, plant and equipment or inventories occur when there is a change in use of the property, usually evidenced by commencement of redevelopment for own use.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in profit or loss in the period of derecognition.

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

The carrying amount of investment properties is the fair value of the properties as determined by an independent registered qualified valuer. The significant unobservable inputs used by the valuer in determining the fair value of the investment properties held by the Group at 30 June 2017 included capitalisation rates on reversionary rental yields in the range of 6.75% to 8.50% (2016: 6.875% to 8.500%).

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 and 15 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged for these investment properties.

During the year ended 30 June 2017, $4,494,000 (2016: $6,331,000) was recognised as rental income for investment properties in the Income Statement, with $1,377,000 (2016: $1,353,000) incurred in respect of direct costs, including $145,000 (2016: $156,000) for repairs and maintenance.

	2017 $'000	2016 $'000
Freehold land and buildings		
At fair value (Level 3 fair values)	68,250	68,500
Summary of movements:		
Balance at the beginning of the year	68,500	71,050
Additions	–	20
Net transfer to property, plant and equipment	–	(3,150)
Fair value (decrement)/increment	(250)	580
Balance at the end of the year	68,250	68,500

3.5 – GOODWILL AND OTHER INTANGIBLE ASSETS

Accounting policy

Goodwill

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

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

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

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

Construction rights

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

Other intangible assets

Other intangible assets, which largely comprise management and leasehold rights and software, are stated at cost less accumulated amortisation and impairment losses. Management and leasehold rights are amortised over the life of the agreements, which range from 10 to 20 years, on a straight-line basis. Software for major operating systems is amortised over a four to five year period on a straight-line basis.

Impairment

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

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

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

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

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

3.5 – GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Reconciliations

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

	Goodwill $'000	Construction rights $'000	Liquor licences $'000	Management and leasehold rights $'000	Software $'000	Total $'000
2017						
Gross balance at the beginning of the year	62,079	1,388	196	54,368	15,055	133,086
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(17,067)	(9,424)	(26,491)
Net balance at the beginning of the year	62,079	1,388	196	37,301	5,631	106,595
Acquisitions and initial contributions	3,593	–	–	5,712	1,117	10,422
Transfers	–	–	–	–	146	146
Amortisation	–	–	–	(3,684)	(2,114)	(5,798)
Disposals	(2,164)	–	–	–	(43)	(2,207)
Net foreign currency differences on translation of foreign operations	(36)	–	–	(54)	(169)	(259)
Net balance at the end of the year	63,472	1,388	196	39,275	4,568	108,899
2016						
Gross balance at the beginning of the year	50,935	1,388	196	43,146	14,915	110,580
Accumulated amortisation and impairment losses at the beginning of the year	–	–	–	(12,950)	(8,075)	(21,025)
Net balance at the beginning of the year	50,935	1,388	196	30,196	6,840	89,555
Acquisitions and initial contributions	9,857	–	–	10,291	1,177	21,325
Transfers	–	–	–	600	169	769
Amortisation	–	–	–	(4,027)	(2,709)	(6,736)
Disposals	–	–	–	–	(12)	(12)
Net foreign currency differences on translation of foreign operations	1,287	–	–	241	166	1,694
Net balance at the end of the year	62,079	1,388	196	37,301	5,631	106,595

Impairment losses recognised

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2017 (2016: $nil).

	2017 $'000	2016 $'000
Impairment tests for cash-generating units containing goodwill		
The following units have carrying amounts of goodwill:		
Entertainment – Australia	33,260	33,260
Entertainment – New Zealand	9,605	11,778
Entertainment – Germany	3,817	3,836
Hotels – New Zealand	10,200	10,211
Hotels – Australia	3,593	–
Multiple units without significant goodwill	2,997	2,994
	63,472	62,079

The recoverable value of goodwill relating to the exhibition business in Australia and New Zealand, and goodwill relating to the Group's share of a cinema joint venture in Germany, have been determined by value in use calculations. This calculation uses cash flow projections based on operating forecasts and projected five year results, with cash flows beyond the five year period being projected using a per annum growth rate of 2.5%, which is considered appropriate given economic indicators and the expected long term increase in revenue and operating costs in these markets. Pre-tax discount rates of 7.86% to 12.0% (2016: 7.7% to 12.0%) per annum have been used in discounting the projected cash flows. In management's assessment, there are no reasonable possible changes in assumptions that would give rise to an impairment.

3.6 – TRADE AND OTHER PAYABLES

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

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

	2017 $'000	2016 $'000
Trade payables	20,381	21,582
Other payables and accruals	86,514	79,025
	106,895	100,607

3.7 – PROVISIONS

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

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

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

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

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

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

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

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

3.7 – PROVISIONS (continued)

Other

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

	2017 $'000	2016 $'000
Current		
Employee benefits	20,532	19,886
Insurance loss contingencies and other claims	81	75
Decommissioning of leasehold improvements	–	–
	20,613	19,961
Non-current		
Employee benefits	2,830	2,093
Decommissioning of leasehold improvements	11,510	11,377
	14,340	13,470

Movements in provisions

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

	2017 $'000	2016 $'000
Insurance loss contingencies and other claims		
Carrying amount at the beginning of the year	75	218
Payments	(20)	(59)
Provided	26	59
Reversed	–	(145)
Net foreign currency differences on translation of foreign operations	–	2
Carrying amount at the end of the year	81	75
Decommissioning of leasehold improvements		
Carrying amount at the beginning of the year	11,377	8,718
Provided	96	2,490
Payments	–	(148)
Reversed	(50)	(52)
Notional interest	114	210
Net foreign currency differences on translation of foreign operations	(27)	159
Carrying amount at the end of the year	11,510	11,377

3.8 – OTHER LIABILITIES

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

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

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

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

4.1 – SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The Company does not have authorised capital or par value in respect of its issued shares.

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

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Share capital				
Fully paid ordinary shares	159,488,932	158,732,489	219,126	219,126
Movements in share capital				
Balance at the beginning of the year	158,732,489	158,106,883	219,126	219,126
Performance shares exercised and withdrawn from the trust	756,443	625,606	–	–
Balance at the end of the year	159,488,932	158,732,489	219,126	219,126
Share capital consists of:				
Ordinary shares	159,369,264	158,584,722		
Tax Exempt Share Plan shares	27,548	34,647		
Employee Share Plan shares	92,120	113,120		
	159,488,932	158,732,489		
Treasury shares				
Performance shares	1,070,991	1,827,434		
	160,559,923	160,559,923		

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

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

Treasury shares
Treasury shares consist of shares held in trust in relation to the Group's Executive Performance Share Plan. As at 30 June 2017, a total of 1,070,991 (2016: 1,827,434) shares were held in trust and classified as treasury shares. Information relating to the Group's share-based payment arrangements is set out in Note 6.1.

Options
Other than the performance rights disclosed in Note 6.1, there were no share options on issue as at 30 June 2017 (2016: nil).

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

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

4.1 – SHARE CAPITAL (continued)

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

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

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

4.2 – DIVIDENDS

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid during the year were:					
2017					
Final 2016 dividend	31	49,774	22 September 2016	30%	100%
Interim 2017 dividend	20	32,112	16 March 2017	30%	100%
		81,886			
2016					
Final 2015 dividend	29	46,562	17 September 2015	30%	100%
Special dividend	8	12,845	17 September 2015	30%	100%
Interim 2016 dividend	20	32,112	17 March 2016	30%	100%
		91,519			

Subsequent events

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

Final 2017 dividend	31	49,774	21 September 2017	30%	100%

The financial effect of the final dividend in respect of the year has not been brought to account in the financial statements for the year ended 30 June 2017 and will be recognised in subsequent financial statements.

	2017 $'000	2016 $'000
Franking credit balance		
The amount of franking credits available for future reporting periods	140,314	138,821

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 $21,332,000 (2016: $21,332,000). The ability to utilise franking credits is dependent upon the Company being in a sufficient positive net asset position and also having adequate available cash flow liquidity.

4.3 – RESERVES

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

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

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

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

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

Movements in reserves during the year	Available-for-sale financial assets revaluation $'000	Investment property revaluation $'000	Hedging $'000	Share-based payments $'000	Foreign currency translation $'000	Total $'000
At 1 July 2016	14,091	5,121	10	21,779	5,320	46,321
Movement in fair value of available-for-sale financial assets – net of tax	(97)	–	–	–	–	(97)
Movement in fair value of cash flow hedging instruments – net of tax	–	–	(20)	–	–	(20)
Amount recognised in the Income Statement as an employee expense	–	–	–	7,873	–	7,873
Transfer to the Income Statement on sale of interest in the Fiji Cinema Joint Venture	–	–	–	–	306	306
Currency translation adjustment on controlled entities' financial statements	–	–	–	–	381	381
Other adjustments	–	–	–	169	–	169
At 30 June 2017	13,994	5,121	(10)	29,821	6,007	54,933

4.4 – LOANS, BORROWINGS AND FINANCING ARRANGEMENTS

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

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

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

Bank debt – secured
At 30 June 2017, the Group's secured bank debt facilities comprised the following:
- $350,000,000 revolving multi-currency loan facility;
- $30,000,000 credit support facility (for the issue of letters of credit and bank guarantees); and
- $50,000 overdraft limit to support its transactional banking facilities.

The above facilities were to mature on 12 September 2017 and were supported by interlocking guarantees from most Group entities and were secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.1% and 2% per annum. At 30 June 2017, the Group had drawn $323,905,000 (2016: $198,364,000) under the debt facilities, of which $nil (2016: $nil) was subject to interest rate swaps used for hedging, and had drawn $2,948,000 under the credit support facility (2016: $2,748,000).

Subsequent to 30 June 2017, the Group's secured bank debt facilities were amended and restated on 15 August 2017 and now comprise the following:
- $525,000,000 revolving multi-currency loan facility; and
- $15,000,000 credit support facility (for the issue of letters of credit and bank guarantees).

The above facilities mature on 15 August 2020 and are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.15% and 2.1% per annum.

Other facility – secured
Certain wholly owned German subsidiaries have arranged a secured five year guarantee facility of €17,000,000 (A$25,260,000) (for the issue of letters of credit and bank guarantees)

The facility is supported by interlocking guarantees from certain (non-Australian based) Group entities and are secured against a specific property in Germany. Debt drawn under the facility bears interest at the relevant inter-bank benchmark rate plus a margin of between 0.75% and 2.75% per annum. At 30 June 2017, the Group had drawn €15,052,000 (A$22,365,000) under the facility.

4.4 – LOANS, BORROWINGS AND FINANCING ARRANGEMENTS (continued)

Loans and borrowings	2017 $'000	2016 $'000
Current		
Interest bearing loans and borrowings		
Bank loans – secured	323,905	776
Deferred financing costs	(98)	–
	323,807	776
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	1,634	1,249
	325,441	2,025
Non-current		
Interest bearing loans and borrowings		
Bank loans – secured	–	200,640
Deferred financing costs	–	(570)
	–	200,070
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	2,360	2,540
	2,360	202,610

4.5 – FINANCIAL RISK MANAGEMENT

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

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

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

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

Available-for-sale financial assets
All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

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

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

4.5 – FINANCIAL RISK MANAGEMENT (continued)

Gains or losses on available-for-sale financial assets are recognised as a separate component of equity in the available-for-sale financial assets revaluation reserve until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

An impairment loss recognised in profit or loss in respect of an available-for-sale investment is reversed through profit or loss to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

	2017 $'000	2016 $'000
Available-for-sale financial assets		
Investment in a listed company	19,928	20,067

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

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

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

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

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

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

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

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

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

At 30 June 2017, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position.

4.5 – FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 year(s) $'000	2 to 5 years $'000	Over 5 years $'000
2017							
Non-derivative financial liabilities							
Secured loans	323,905	(325,754)	(325,754)	–	–	–	–
Unsecured non-interest bearing loans from other companies	3,994	(3,994)	(817)	(817)	(1,128)	(1,328)	96
Trade payables	20,381	(20,381)	(20,381)	–	–	–	–
Other payables and accruals	86,514	(86,514)	(86,514)	–	–	–	–
Derivative financial liabilities							
Forward exchange contracts	14	(14)	(14)	–	–	–	–
	434,808	(436,657)	(433,480)	(817)	(1,128)	(1,328)	96

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 2 year(s) $'000	2 to 5 years $'000	Over 5 years $'000
2016							
Non-derivative financial liabilities							
Secured loans	201,416	(209,234)	(4,046)	(3,194)	(199,832)	(2,162)	–
Unsecured non-interest bearing loans from other companies	3,789	(3,789)	(625)	(624)	(1,173)	(1,202)	(165)
Trade payables	21,582	(21,582)	(21,582)	–	–	–	–
Other payables and accruals	79,025	(79,025)	(79,025)	–	–	–	–
Derivative financial liabilities							
Forward exchange contracts	(14)	14	14	–	–	–	–
	305,798	(313,616)	(105,264)	(3,818)	(201,005)	(3,364)	(165)

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

4.5 – FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

	2017 $'000	2016 $'000
Fixed rate instruments		
Financial assets	–	–
Financial liabilities	–	–
	–	–
Variable rate instruments		
Financial assets	83,506	138,913
Financial liabilities	(323,905)	(200,640)
	(240,399)	(61,727)

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

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. Due to the current low level of Group debt, there were no interest rate hedges at 30 June 2017 (2016: no interest rate hedges).

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

The Group accounts for fixed rate financial assets and liabilities at fair value. The Group had no fixed rate instruments for the year ended 30 June 2017 (2016: no fixed rate instruments) and accordingly no sensitivity analysis has been prepared in the current or prior year.

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

4.5 – FINANCIAL RISK MANAGEMENT (continued)

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

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

	2017				2016			
	NZD $'000	EUR $'000	GBP $'000	USD $'000	NZD $'000	EUR $'000	GBP $'000	USD $'000
Cash and cash equivalents	842	4,666	10	1,270	399	1,848	223	1,701
Trade receivables	108	–	–	–	225	–	–	–
Secured bank loans	(81,905)	–	–	–	(74,364)	–	–	–
Trade payables	(316)	–	–	–	(451)	–	–	–
Gross balance sheet exposure	(81,271)	4,666	10	1,270	(74,191)	1,848	223	1,701
Forward exchange contracts	–	–	–	(14)	–	–	–	14
	–	–	–	(14)	–	–	–	14
Net exposure	(81,271)	4,666	10	1,256	(74,191)	1,848	223	1,715

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

Hedging of net investment in foreign subsidiaries
The Group's NZD denominated bank loan is designated as a hedge of the foreign currency exposure to the Group's net investment in its subsidiaries in New Zealand. The carrying amount of the loan at 30 June 2017 was $81,905,000 (2016: $74,364,000). A foreign exchange loss of $25,000 (2016: loss of $5,007,000) was recognised in equity on translation of the loan to AUD.

Financial instruments fair value determination method grading
Valuation methods for financial instruments carried at fair value are defined as follows:

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

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

SECTION 5 – GROUP COMPOSITION

This section explains the composition of the Group.

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

5.1 – BUSINESS COMBINATIONS

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

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

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

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

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

Business combination in the year ended 30 June 2017
The Group acquired the following businesses during the year:

Downtown Cinemas
Effective 28 July 2016, Event Cinemas Limited, a wholly-owned subsidiary in New Zealand, acquired three cinemas in Palmerston North, Paraparaumu and Havelock North, New Zealand. The consideration paid was $7,255,000 (NZ$7,650,000).

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

	Fair value at acquisition date $'000
Plant and equipment	1,762
Inventories	69
Sub-total	1,831
Leasehold and management rights	5,424
Total net value of identifiable assets	7,255

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

	$'000
Total cash consideration paid, net of cash acquired	7,255
Less: net value of other identifiable assets and liabilities	(1,831)
Leasehold and management rights	5,424

5.1 – BUSINESS COMBINATIONS (continued)

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

The Group incurred direct costs relating to this acquisition of $33,000 which have been expensed in the Income Statement for the period.

The Income Statement includes revenue and net profit for the year ended 30 June 2017 of $6,734,000 and $625,000 respectively as a result of this acquisition.

Rydges Geelong

On 3 March 2017, the Group acquired a hotel property in Geelong in Victoria, Australia. The total consideration paid for the acquisition was $23,994,000.

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

	Fair value at acquisition date $'000
Property, plant and equipment	20,607
Other assets and liabilities	(206)
Total net value of identifiable assets	20,401

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid, net of cash acquired	23,994
Less: net value of identifiable assets and liabilities	(20,401)
Goodwill	3,593

The goodwill is attributable mainly to the trading reputation and other intangible assets which are not separately identifiable. Goodwill recognised is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to this acquisition of $1,159,702 which have been expensed in the Income Statement for the year.

The Income Statement includes revenue and net loss for the year ended 30 June 2017 of $2,150,000 and $9,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the year, it is estimated that the Income Statement would have included additional revenue and net profit of approximately $7,597,000 and $1,465,000 respectively.

SECTION 5 – GROUP COMPOSITION

5.1 – BUSINESS COMBINATIONS (continued)

Business combination in the year ended 30 June 2016
The Group acquired the following business during the prior year:

Museum Art Hotel, Wellington, New Zealand
On 3 August 2015, the Group acquired the Museum Art Hotel, Wellington, New Zealand. The total consideration paid for the acquisition was $26,549,000 (NZ$28,846,000).

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

	Fair value at acquisition date $'000
Property, plant and equipment	20,755
Other assets and liabilities	318
Deferred tax liabilities	(4,381)
Total net value of identifiable assets	16,692

Goodwill
Goodwill was recognised as a result of the acquisition as follows:

	$'000
Total cash consideration paid, net of cash acquired	26,549
Less: net value of identifiable assets and liabilities	(16,692)
Goodwill	9,857

The goodwill is attributable mainly to the trading reputation and other intangible assets which are not separately identifiable. Goodwill recognised is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to this acquisition of $96,000 which have been expensed in the Income Statement for the year.

The Income Statement includes revenue and net profit for the year ended 30 June 2016 of $13,568,000 and $3,187,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the year, it is estimated that the Income Statement would have included additional revenue and net profit of approximately $1,363,000 and $276,000 respectively.

5.2 – SUBSIDIARIES

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

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

Subsidiaries	Note	Ownership interest 2017 %	Ownership interest 2016 %
Albury Hotel Property Unit Trust		100	100
Amalgamated Cinema Holdings Limited	(c)	100	100
Amalgamated Holdings Superannuation Fund Pty Limited		100	100
Ancona Investments Pty Limited		100	100
Atura Adelaide Airport Unit Trust		100	–
Atura Holdings Pty Limited		100	–
Atura Hotels and Resorts Pty Limited		100	100
Bay City Cinemas Limited	(c)	100	100
Birch, Carroll & Coyle Limited		100	100
BLN Hotels Property Unit Trust		100	100
Bryson Centre Unit Trust		100	100
Bryson Hotel Property Unit Trust		100	100
Bryson Hotel Pty Limited		100	100
Canberra Theatres Limited		100	100
CMS Cinema Management Services GmbH & Co. KG	(a)(e)	100	100
CMS Cinema Verwaltungs GmbH	(a)(e)	100	100
Edge Digital Cinema Pty Limited		100	100
Edge Digital Technology Pty Limited		100	100
Edge Investments BV	(a)(d)	100	100
Elsternwick Properties Pty Limited		100	100
Event Cinema Entertainment Pty Limited		100	100
Event Cinemas (Australia) Pty Limited		100	100
Event Cinemas (Fiji) Limited	(f)	–	100
Event Cinemas Limited	(c)	100	100
Event Cinemas Nominees Limited	(c)	100	100
Event Cinemas (NZ) Limited	(c)	100	100
Event Cinemas Queen Street Nominees Limited	(c)	100	100
Event Hotels and Resorts Pty Limited		100	100
Event Hotels (NZ) Limited	(a)(c)	100	100
EVT Administration Pty Limited		100	100
Filmpalast am ZKM Karlsruhe Beteiligungs GmbH	(a)(e)	100	100
Filmpalast Konstanz Beteiligungs GmbH	(a)(e)	100	100
First Cinema Management BV	(a)(d)	100	100
2015 First Holding GmbH	(a)(e)	100	100
Flaggspelt Vermogensverwaltungsgesellschaft mbH	(a)(e)	100	100
Glenelg Theatres Pty Limited		100	100
Greater Entertainment Pty Limited		100	100
Greater Occasions Australia Pty Limited		100	100
Greater Union Betriebsmittel GmbH	(a)(e)	100	100
Greater Union Filmpalast Cubix in Berlin GmbH	(a)(e)	100	100

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2017 %	2016 %
Greater Union Filmpalast Dortmund GmbH & Co. KG	(a)(e)	100	100
Greater Union Filmpalast GmbH	(a)(e)	100	100
Greater Union Filmpalast in der Kulturbrauerei Berlin GmbH	(a)(e)	100	100
Greater Union Filmpalast in Hamburg GmbH	(a)(e)	100	100
Greater Union Filmpalast Rhein-Main GmbH	(a)(e)	100	100
Greater Union First Cinema BV and Co. KG	(a)(e)	100	100
Greater Union International BV	(a)(d)	100	100
Greater Union International GmbH	(a)(e)	100	100
Greater Union International Holdings Pty Limited		100	100
Greater Union Limited	(b)	100	100
Greater Union Media & Event GmbH	(a)(e)	100	100
Greater Union Nominees Pty Limited		100	100
Greater Union Real Estate 40 GmbH	(a)(e)	100	100
Greater Union Real Estate Mainz GmbH	(a)(e)	100	100
Greater Union Screen Entertainment Pty Limited		100	100
Greater Union Theaters Beteiligungs GmbH	(a)(e)	100	100
Greater Union Theaters Dritte GmbH & Co. KG	(a)(e)	100	100
Greater Union Theaters Dritte Verwaltungs GmbH	(a)(e)	100	100
Greater Union Theaters GmbH	(a)(e)	100	100
Greater Union Theaters Management Mainz GmbH	(a)(e)	100	100
Greater Union Theaters Verwaltungs GmbH	(a)(e)	100	100
Greater Union Theaters Zweite GmbH & Co. KG	(a)(e)	100	100
Greater Union Theaters Zweite Verwaltungs GmbH	(a)(e)	100	100
Greattheatre Pty Limited		100	100
GU Real Estate Mainz Management GmbH	(a)(e)	100	100
GUO Investments (WA) Pty Limited		100	100
Gutace Holdings Pty Limited		100	100
Haparanda Pty Limited		100	100
Haymarket's Tivoli Theatres Pty Limited		100	100
Kidsports Australia Pty Limited		100	100
Kosciuszko Thredbo Pty Limited		100	100
KTPL Unit Trust		100	100
Kvarken Pty Limited		100	100
Lakeside Hotel Property Unit Trust		100	100
Lakeside Hotel Pty Limited		100	100
Lakeside International Hotel Unit Trust		100	100
Mamasa Pty Limited		100	100
Multiplex Cinemas Magdeburg GmbH	(a)(e)	100	100
Multiplex Cinemas Oberhausen GmbH	(a)(e)	100	100
Neue Filmpalast GmbH & Co. KG	(a)(e)	100	100
Neue Filmpalast Management GmbH	(a)(e)	100	100
NFP Erste GmbH & Co. KG	(a)(e)	100	100
NFP Erste Verwaltungs GmbH	(a)(e)	100	100
Noahs Hotels (NZ) Limited	(a)(c)	100	100
Noahs Limited		100	100
Northside Gardens Hotel Property Unit Trust		100	100
Northside Gardens Hotel Pty Limited		100	100
Pantami Pty Limited		100	100
203 Port Hacking Road Pty Limited		100	100
QT Gold Coast Pty Limited		100	100
QT Hotels and Resorts Pty Limited		100	100
QT Resort Port Douglas Pty Limited		100	100
RH Hotels Pty Limited		100	100

SECTION 5 – GROUP COMPOSITION

5.2 – SUBSIDIARIES (continued)	Note	Ownership interest 2017 %	2016 %
RQ Motels Pty Limited		100	100
Rydges Bankstown Pty Limited		100	100
Rydges Cronulla Pty Limited		100	100
Rydges Gladstone Hotel Property Unit Trust		100	100
Rydges Hobart Hotel Property Unit Trust		100	100
Rydges Hobart Hotel Pty Limited		100	100
Rydges Hotels Limited		100	100
Rydges Hotels Property Unit Trust		100	100
Rydges HPT Pty Limited		100	100
Rydges Property Holdings Pty Limited		100	100
Rydges Rotorua Hotel Limited	(a)(c)	100	100
Rydges Townsville Hotel Property Unit Trust		100	100
Sonata Hotels Pty Limited		100	100
Southport Cinemas Pty Limited		100	100
Sunshine Cinemas Pty Limited		100	100
Tannahill Pty Limited		100	100
The Geelong Theatre Company Limited		100	100
The Greater Union Organisation Pty Limited		100	100
Thredbo Resort Centre Pty Limited		100	100
Tourism & Leisure Pty Limited		100	100
Vierte Kinoabspielstatten GmbH & Co. KG	(a)(e)	100	100
Vierte Kinoabspielstatten Verwaltungs GmbH	(a)(e)	100	100
Western Australia Cinemas Pty Limited		100	100
Zollverein Pty Limited		100	100
Zweite Kinoabspielstatten GmbH & Co. KG	(a)(e)	100	100
Zweite Kinoabspielstatten Verwaltungs GmbH	(a)(e)	100	100

(a) These companies are audited by other member firms of KPMG International.
(b) This company was incorporated in and carries on business in the United Kingdom.
(c) These companies were incorporated in and carry on business in New Zealand.
(d) These companies were incorporated in and carry on business in The Netherlands.
(e) These companies were incorporated in and carry on business in Germany.
(f) This company was incorporated and is domiciled in Fiji, and was sold on 29 June 2017.

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

5.3 – INTERESTS IN OTHER ENTITIES

Accounting policy

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

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

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

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

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

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

Investments in associates and joint ventures	**2017 $'000**	**2016 $'000**
Associates	147	150
Joint ventures	10,795	11,819
	10,942	11,969

5.3 – INTERESTS IN OTHER ENTITIES (continued)

Joint ventures

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

Name	Principal activities	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %	Investment carrying amount 2017 $'000	Investment carrying amount 2016 $'000	Contribution to operating profit 2017 $'000	Contribution to operating profit 2016 $'000
Browns Plains Cinemas Pty Limited	Operator of a multiscreen cinema complex	Australia	[a] 50	[a] 50	816	881	(65)	(73)
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	1,446	1,571	1,341	1,193
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	Germany	50	50	809	873	879	1,015
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	Australia	50	50	7,437	8,205	532	325
Red Carpet Cinema Communication GmbH & Co. KG	Event management	Germany	50	50	287	289	–	(188)
					10,795	11,819	2,687	2,272

(a) The Group acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 (see Note 5.4). Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group also has a direct 33% share in the Browns Plains Multiplex Joint Venture which is accounted for as a joint operation (see page 77). The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

Dividends received from joint ventures for the year ended 30 June 2017 amount to $3,692,000 (2016: $2,415,000). The balance date of each of the Group's joint ventures is 30 June.

Associates

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

Name	Principal activities	Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %	Investment carrying amount 2017 $'000	Investment carrying amount 2016 $'000	Contribution to operating profit 2017 $'000	Contribution to operating profit 2016 $'000
Cinesound Movietone Productions Pty Limited	Film owner and distributor	Australia	50	50	147	150	(3)	1
DeinKinoticket GmbH	Operator of DeinKinoticket website	Germany	24	24	–	–	–	–
Digital Cinema Integration Partners Pty Limited	Administration	Australia	48	48	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	Administration	New Zealand	[a] 60	[a] 60	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Operator of Movietimes website	Australia	[a] 53	[a] 53	–	–	–	–
					147	150	(3)	1

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

Dividends received from associates for the year ended 30 June 2017 amount to $nil (2016: $nil). The balance date of each of the Group's associates is 30 June.

5.3 – INTERESTS IN OTHER ENTITIES (continued)

Joint operations

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

Name	Principal activities	Country of operation	Ownership interest 2017 %	Ownership interest 2016 %
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Australia	50	50
Browns Plains Multiplex Joint Venture	Operator of a multiscreen cinema complex	Australia	[a] 33	[a] 33
Castle Hill Multiplex Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	[b] 50	[b] 50
Casuarina Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
Fiji Cinema Joint Venture	Operator of multiscreen cinema complexes	Fiji	–	[c] 66.7
Garden City Cinema Joint Venture	Operator of a multiscreen cinema complex	Australia	33	33
Rialto Joint Venture	Operator of multiscreen cinema complexes	New Zealand	50	50
Toowoomba Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50

(a) In addition to the 33% interest in the Browns Plains Multiplex Joint Venture held directly, the Group acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 (see Note 5.4), which is classified as a joint venture and equity accounted. Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

(b) The Group acquired an additional 17% interest in the Castle Hill Multiplex Cinema Joint Venture on 29 September 2015 (see Note 5.4).

(c) The Group's interest in the Fiji Cinema Joint Venture was disposed of on 29 June 2017. Prior to the disposal of the Group's interest in the Fiji Cinema Joint Venture, it was not consolidated as the Group did not have control.

Operating lease commitments of joint operations

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

	2017 $'000	2016 $'000
Within one year	31,591	31,019
Later than one year but not later than five years	85,649	92,464
Later than five years	92,152	87,582
	209,392	211,065

5.4 – ACQUISITION OF ADDITIONAL INTERESTS IN JOINT ARRANGEMENTS

Interest in Joint Arrangements in the year ended 30 June 2017
There were no acquisitions of interests in Joint Arrangements in the current year.

Interest in Joint Arrangements in the year ended 30 June 2016
The Group acquired the following interest in Joint Arrangements during the prior year:

Castle Hill cinema complex
Effective 29 September 2015, The Greater Union Organisation Pty Limited, a wholly owned subsidiary, acquired an additional 17% interest in the Castle Hill Multiplex Cinema Joint Venture, taking the ownership interest in this leasehold site to 50%. The consideration paid was $5,971,000.

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

	Fair value at acquisition date $'000
Plant and equipment	742
Cash and cash equivalents	113
Other assets	204
Trade and other payables	(85)
Employee benefits	(15)
Deferred revenue	(27)
Sub-total	932
Leasehold and management rights	5,039
Total net value of identifiable assets	5,971

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

	$'000
Total cash consideration paid	5,971
Less: net value of other identifiable assets and liabilities	(932)
Leasehold and management rights	5,039

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

The Group incurred direct costs relating to this acquisition of $311,000 which were expensed in the Income Statement for the prior year.

Browns Plains cinema complex
Birch, Carroll & Coyle Limited, a wholly owned subsidiary, acquired a 50% interest in Browns Plains Cinemas Pty Limited on 29 September 2015 for total consideration of $955,000. As disclosed in Note 5.3, the investment in Browns Plains Cinemas Pty Limited has been classified as a joint venture and equity accounted.

Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group also has a direct 33% share in the Browns Plains Multiplex Joint Venture which is accounted for as a joint operation (see page 77). The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

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

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

6.1 – SHARE-BASED PAYMENTS

The Group's share-based payment arrangements include the Executive Performance Share Plan and the Executive Performance Rights Plan. Grants were made under the Executive Performance Share Plan from 2007 to 2013 inclusive. The Group conducted a review of its long term incentive ("LTI") arrangements in 2013 and resolved that the existing performance share-based LTI should be replaced with a performance rights-based LTI. Shareholders approved the Executive Performance Rights Plan at the 2013 Annual General Meeting. Grants have subsequently been made under the Executive Performance Rights Plan in February 2014, February 2015, February 2016 and February 2017.

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

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

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

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

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

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

6.1 – SHARE-BASED PAYMENTS (continued)

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

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2017						
Performance rights	20 February 2014	611,269	–	(611,269)	–	–
Performance rights	19 February 2015	663,443	–	–	(30,883)	632,560
Performance rights	18 February 2016	550,958	–	–	(35,275)	515,683
Performance rights	16 February 2017	–	581,616	–	(3,376)	578,240
		1,825,670	581,616	(611,269)	(69,534)	1,726,483

Type of right	Grant date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
2016						
Performance rights	20 February 2014	632,834	–	–	(21,565)	611,269
Performance rights	19 February 2015	707,404	–	–	(43,961)	663,443
Performance rights	18 February 2016	–	563,893	–	(12,935)	550,958
		1,340,238	563,893	–	(78,461)	1,825,670

Fair value of performance rights granted
The assessed fair value at grant date of performance rights granted under the Executive Performance Rights Plan during the year ended 30 June 2017 was $11.09 (2016: $14.01) for those rights that have EPS hurdles and $3.92 (2016: $11.40) for those rights that have TSR hurdles. The fair value of each performance right is estimated on the date of grant using a Binomial tree model for those rights that have EPS hurdles, and a Monte Carlo simulation model for those rights that have TSR hurdles with the following weighted average assumptions used for each grant:

	Granted 16 February 2017	Granted 18 February 2016	Granted 19 February 2015
Dividend yield (per annum)	4.2%	3.4%	4%
Expected volatility	19%	19%	17%
Risk-free rate (per annum)	1.92%	1.85%	1.83%
Share price	$12.38	$15.31	$11.93
Expected life	3 years	3 years	3 years

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

6.1 – SHARE-BASED PAYMENTS (continued)

Executive Performance Share Plan

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

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

Year	Type of right	Balance at the start of the year	Granted	Exercised	Forfeited shares reallocated	Balance at the end of the year [(a)]
2017	Performance shares	1,827,434	–	(145,174)	(611,269)	1,070,991
2016	Performance shares	2,453,040	–	(625,606)	–	1,827,434

(a) The balance at the end of the year includes a total of 183,261 shares (2016: 794,530 shares) that have been forfeited by employees due to cessation of employment. The forfeited shares are held within the trust and can be utilised in settlement of future obligations under the Group's LTI plans, including the Executive Performance Rights Plan.

No performance shares were granted during the year ended 30 June 2017 (2016: nil).

Share-based payment expense

Total share-based payment expense included within employee expenses for the year ended 30 June 2017 was $8,042,000 (2016: $4,991,000).

Tax Exempt Share Plan

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

Offers under the Tax Exempt Share Plan are at the discretion of the Company. All shares acquired under the Tax Exempt Share Plan rank equally with all other ordinary shares. The Tax Exempt Share Plan did not operate during the year ended 30 June 2017 and consequently no shares were purchased during the year by employees under this plan (2016: nil).

Employee Share Plan

The Group has in prior years issued shares to certain employees under the 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 plan does not result in any expense to the Group.

At 30 June 2017, the total shares issued under the plan were 92,120 (2016: 113,120). 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 2017 was $13.37 (2016: $14.53). Note 4.1 provides details of the movement in the ordinary share capital during the year.

6.1 – SHARE-BASED PAYMENTS (continued)

Superannuation

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

	2017 $'000	2016 $'000
Superannuation contributions recognised as an employee expense	15,917	14,678

6.2 – DIRECTOR AND EXECUTIVE DISCLOSURES

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

Section of Remuneration Report	Directors' Report page reference
Non-executive director remuneration	17
CEO and other executive remuneration	18
Fixed annual remuneration	18
Variable remuneration – short term incentive	18
Variable remuneration – long term incentive	19
Employment contracts	21
Directors' and executives' position and period of responsibility	23
Directors' and executives' remuneration	24
Performance rights holdings and transactions	28
Performance share holdings and transactions	29
Equity holdings and transactions	30

6.2 – DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

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

	2017 $	2016 $
Employee benefits		
Short term	9,842,862	7,782,816
Post-employment	54,645	187,510
Termination payments	1,959,618	–
Equity compensation	4,111,152	2,059,611
Other long term	208,077	131,347
	16,176,354	10,161,284

Other transactions with the Company or its controlled entities
AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were $20,240 (2016: $21,057). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled $780,420 (2016: $704,799).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to $98,527 (2016: $96,764). Rent is charged to AG Rydge at market rates.

A controlled entity has entered into a lease agreement for a cinema complex in Townsville with an entity related to KG Chapman. Rent paid under the lease is at market rates.

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

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

6.3 – RELATED PARTIES

Relationships with associates
Transactions with associates were receipt of property rentals from associates of $57,000 (2016: $55,000) and costs of $104,000 (2016: $102,000) paid on behalf of an associate, $nil (2016: $nil) of which is refundable by that associate.

Refer also to Notes 3.1 and 5.3.

Relationships with joint ventures and joint operation partners
Refer to Note 5.3.

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

SECTION 7 – OTHER INFORMATION

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

7.1 – COMMITMENTS AND LEASES

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

A small number of leases have commitments in respect of contingent rental payments which arise when the operating performance of a site exceeds a pre-determined amount. Also, there are rentals which are determined as the higher of a base rental and a fixed percentage of a defined amount reflecting the operating performance of a site or a base rental plus a fixed percentage of the net profit from the site. Contingent rental payments recognised as an expense in the period for the Group amounted to $6,907,000 (2016: $7,924,000).

Payments made under operating leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives, for example a rent-free period on commencement of a lease, are deferred and recognised over the lease term on a straight-line basis. Deferred lease incentives are recognised within other liabilities in the Statement of Financial Position. Operating lease rental expense (including contingent rent) for the year ended 30 June 2017 was $136,516,000 (2016: $137,395,000).

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

Lease commitments for future years are set out below:

	2017 $'000	2016 $'000
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	96,737	97,474
Later than one year but not later than five years	279,791	284,673
Later than five years	214,146	245,449
	590,674	627,596

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

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

	2017 $'000	2016 $'000
Sub-lease receivables – as lessor		
Future lease receivables in relation to sub-leases of property space under operating leases not recognised and receivable:		
Within one year	10,654	10,755
Later than one year but not later than five years	32,872	35,740
Later than five years	238,959	246,251
	282,485	292,746
Operating leases – as lessor		
Future operating lease rentals for owned properties not recognised and receivable:		
Within one year	14,334	12,358
Later than one year but not later than five years	49,474	46,657
Later than five years	21,689	33,036
	85,497	92,051

7.2 – CONTINGENT LIABILITIES

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

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

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

	2017 $'000	2016 $'000
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	110,819	130,248
Adjustments for:		
Depreciation and amortisation	73,605	69,501
Profit on sale of non-current assets	(5)	(18,860)
Net impairment adjustment	10,986	11,703
Fair value decrement/(increment) of investment properties	250	(580)
Equity accounted investment dividends	3,692	2,415
Share of equity accounted investees' net profit	(2,684)	(2,273)
Share-based payments expense	8,042	4,991
Receivables impairment adjustment	(128)	387
Unrealised foreign exchange losses/(gains)	369	(123)
(Decrease)/increase in income taxes payable	(19,009)	3,988
Net cash provided by operating activities before change in assets and liabilities	185,937	201,397
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired/disposed during the year:		
(Increase)/decrease in trade and other receivables	(16,445)	8,538
Decrease/(increase) in inventories	12,307	(12,335)
(Increase)/decrease in prepayments and other current assets	(1,178)	7,659
Increase in deferred tax items	(1,853)	(1,303)
Increase in trade and other payables	7,477	3,892
Increase in provisions	1,573	3,669
Decrease in other liabilities	(1,303)	(963)
Increase in deferred revenue	2,156	1,872
Increase in financing costs payable	10	44
Net cash provided by operating activities	188,681	212,470

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

7.4 – AUDITORS' REMUNERATION

	2017 $	2016 $
Audit services:		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements	1,187,000	1,157,000
Other assurance services	146,756	110,368
Overseas KPMG firms		
Audit and review of financial statements	438,000	404,000
Other assurance services	86,192	20,083
	1,857,948	1,691,451
Other auditors		
Audit and review of financial statements	57,618	68,798
Other assurance services	–	68,326
	57,618	137,124
	1,915,566	1,828,575
Other services:		
Auditors of the Group – KPMG Australia		
Tax compliance and advice	263,949	207,815
Other services	172,016	139,276
	435,965	347,091
Overseas KPMG firms		
Tax compliance and advice	362,039	251,800
Other auditors		
Tax compliance and advice	3,663	2,154
Other services	75,029	16,890
	78,692	19,044
	876,696	617,935

7.5 – PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended, 30 June 2017, the parent entity of the Group was EVENT Hospitality & Entertainment Limited.

	2017 $'000	2016 $'000
Results of parent entity		
Profit for the year	68,598	62,719
Other comprehensive income for the year	4,895	2,640
Total comprehensive income for the year	73,493	65,359
Financial position of parent entity at year end		
Current assets	646	1,087
Total assets	402,095	420,760
Current liabilities	9,175	21,374
Total liabilities	14,239	27,562
Net assets	387,856	393,198

7.5 – PARENT ENTITY DISCLOSURES (continued)

	2017 $'000	2016 $'000
Total equity of parent entity comprises:		
Share capital	219,126	219,126
Available-for-sale financial assets revaluation reserve	13,994	14,091
Share-based payments reserve	29,820	21,778
Retained earnings	124,916	138,203
Total equity	387,856	393,198
Parent entity contingencies		
Details of contingent liabilities for the parent entity, which although considered remote, are as follows:		
Controlled entities		
The Company has guaranteed the obligations of some subsidiary entities in respect of a number of operating lease commitments. Operating lease commitments of subsidiary entities that have been guaranteed are due:		
Not later than one year	50,938	49,347
Later than one year but not later than five years	74,582	87,904
Later than five years	43,735	60,286
	169,255	197,537
Joint ventures and joint operations		
The Company has guaranteed the obligations of some joint ventures and joint operations in respect of a number of operating lease commitments. Operating lease commitments of joint ventures and joint operations are due:		
Not later than one year	34,368	33,875
Later than one year but not later than five years	92,259	101,026
Later than five years	117,433	111,764
	244,060	246,665
	413,315	444,202

Parent entity guarantees

Subsidiaries

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

Bank debt facilities

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

7.6 – EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

For final dividends declared after 30 June 2017, refer to Note 4.2.

Secured bank debt facilities

The Group's secured bank debt facilities were amended and restated on 15 August 2017. Details of the new facilities are set out in Note 4.4.

7.7 – DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

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

The subsidiaries subject to the deed are:

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

A consolidated Statement of Comprehensive Income and a consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed, for the year ended, and as at, 30 June 2017 respectively is set out on the following page:

7.7 – DEED OF CROSS GUARANTEE (continued)

Statement of Comprehensive Income	**2017 $'000**	**2016 $'000**
Profit before tax	110,283	144,386
Income tax expense	(35,315)	(42,135)
Profit for the year	74,968	102,251
Retained earnings at the beginning of the year	596,777	586,045
Dividends paid	(81,886)	(91,519)
Retained earnings at the end of the year	589,859	596,777

Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	29,541	27,412
Trade and other receivables	29,943	18,921
Inventories	15,627	28,917
Prepayments and other current assets	7,579	5,905
Total current assets	82,690	81,155
Non-current assets		
Receivables	1,519	1,052
Loans to controlled entities	188,506	176,079
Other financial assets	1,392	1,392
Available-for-sale financial assets	19,928	20,067
Investments in controlled entities	71,227	71,227
Investments accounted for using the equity method	8,400	9,236
Property, plant and equipment	926,004	747,219
Investment properties	68,250	68,500
Goodwill and other intangible assets	74,034	73,329
Deferred tax assets	2,979	1,341
Other non-current assets	2,158	2,496
Total non-current assets	1,364,397	1,171,938
Total assets	1,447,087	1,253,093
LIABILITIES		
Current liabilities		
Trade and other payables	68,715	67,022
Other loans and borrowings	324,059	–
Current tax liabilities	2,352	18,153
Provisions	17,193	16,636
Deferred revenue	56,358	54,948
Other current liabilities	2,216	2,643
Total current liabilities	470,893	159,402
Non-current liabilities		
Loans from controlled entities	103,053	25,982
Other loans and borrowings	859	198,652
Provisions	7,339	6,349
Deferred revenue	5,936	4,332
Total non-current liabilities	117,187	235,315
Total liabilities	588,080	394,717
Net assets	859,007	858,376
EQUITY		
Share capital	219,126	219,126
Reserves	50,022	42,473
Retained earnings	589,859	596,777
Total equity	859,007	858,376

DIRECTORS' DECLARATION

1. In the opinion of the directors of EVENT Hospitality & Entertainment Limited:

    (a) the consolidated financial statements and notes that are set out on pages 33 to 89 and the Remuneration Report in the Directors' Report set out on pages 17 to 30, are in accordance with the Corporations Act 2001, including:

        (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

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

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

2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 7.7 to the financial statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

3. The directors have received the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Director Finance & Accounting for the year ended 30 June 2017.

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

Signed in accordance with a resolution of the directors:

AG Rydge
Director

JM Hastings
Director

Dated at Sydney this 24th day of August 2017.

Independent Auditor's Report

To the shareholders of Event Hospitality & Entertainment Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Event Hospitality & Entertainment Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Asset valuation – Hotel and Cinema Property, Plant and Equipment Assets

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Asset valuation – Hotel and Cinema Property, Plant and Equipment Assets

Refer to Note 3.3 to the Financial Report

The key audit matter	How the matter was addressed in our audit
This is a key audit matter due to: • the significant value of property, plant and equipment (being 76% of total assets); and • the high level of judgement required by us in assessing the significant judgements used by the Group to determine the carrying value of property, plant and equipment. The Group use a combination of external independent valuation experts and internal analysis to determine asset valuations. Internal analysis is the preparation of value in use models on an individual hotel, cinema site or collections thereof into a cash generating unit ('CGU'). There are a number of judgements, made by the Group and their external independent valuation experts when estimating the recoverable value of these assets, some more complex as they are dependent on assumptions about the future, such as revenue and cost growth rates and discount rates. Examples of specific judgments made in relation to hotel asset valuation include forecasted occupancy and room rates. Examples of specific judgements made in relation to cinema valuation include forecasted ticket and merchandising revenue. For each asset valuation, the geographic location and local economic conditions, such as the decline in mining activity in central Queensland, are also taken into consideration when assessing the carrying value. These forward-looking estimations and the current market conditions increase the range of possible outcomes and the complexity for the audit.	Our procedures included: • Evaluating the Group's asset valuation assessment process and tested controls such as the review and approval of forecasts; • Assessing management's determination of the Group's CGUs based on our understanding of the Group's business. We also analysed the internal reporting of the Group to assess how result streams are monitored and reported, and the implications to CGU identification in accordance with the accounting standards; • Evaluating all external independent valuations obtained by the Group regarding the carrying value of hotel and cinema assets at reporting date by assessing the valuation methodology adopted, the data used by the valuers and competence of valuers. We evaluated the appropriateness of the valuation approach adopted considering revaluation requirements of the accounting standard and industry practice. We compared key amounts in the independent expert's valuation to a combination of board approved budgets and business forecast plans. To assess competency of the valuer we consider evidence of capability and objectivity along with the nature and scope of work that the valuer was engaged by the Group to complete. • Assessing the accuracy of previous forecasting to inform our evaluation of forecasts included in the value in use models. We applied increased scepticism to current period forecasts in areas where previous forecasts were not achieved and/or where future uncertainty is greater, volatility is expected, or specific local conditions are

	present; • Assessing the accuracy of previous occupancy, room rates, ticketing and merchandise revenue, cost and capital expenditure forecasts to inform our evaluation of the Group's ability to forecast accurately. We corroborated forecasts with external data, such as forecast tourism visitation and box office scheduling; • Performing sensitivity analysis on those CGU's with a higher risk of impairment in two main areas being the discount rate and terminal growth assumptions; and • Comparing carrying values with recent market transactions to further challenge assumptions within management's internal valuations.

Other Information

Other Information is financial and non-financial information in Event Hospitality & Entertainment Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Event Hospitality & Entertainment Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 16 to 30 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Anthony Travers
Partner

Sydney
24 August 2017

KPMG

KPMG

Tracey Driver
Partner

Sydney
24 August 2017