

EVENT

HOSPITALITY & ENTERTAINMENT

EVENT Hospitality & Entertainment Limited

Financial Results For the half year ended 31 December 2018

This half year report is presented under listing rule 4.2A and should be read in conjunction with the EVENT Hospitality & Entertainment Limited 2018 Annual Report.

ASX code: EVT

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CINEMAS | EVENT | BCC | GU FILM HOUSE | CINESTAR | MOONLIGHT
HOTELS & RESORTS | RYDGES | QT | ATURA | THREDBO

APPENDIX 4D

HALF YEARLY REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2018
(previous corresponding period: half year ended 31 December 2017)

Key Information

				2018	2017
				A\$'000	A\$'000
Revenue and other income from continuing operations	Up	6.0%	to	525,398	495,507
Revenue and other income from discontinued operations	Down	10.6%	to	147,892	165,400
Total revenues and other income	Up	1.9%	to	673,290	660,907
Profit from continuing operations before individually significant items, net finance costs and income tax expense	Up	1.9%	to	87,935	86,302
Net finance costs from continuing operations				(4,533)	(2,821)
Profit from continuing operations before individually significant items and income tax expense	Down	0.1%	to	83,402	83,481
Individually significant items from continuing operations				5,367	1,246
Profit from continuing operations before income tax expense	Up	4.8%	to	88,769	84,727
Discontinued operations profit before income tax				4,040	13,103
Profit before income tax expense	Down	5.1%	to	92,809	97,830
Income tax expense from continuing operations				(23,738)	(26,455)
Income tax expense from discontinued operations				(1,547)	(4,441)
Profit for the period attributable to members of the parent entity	Up	0.9%	to	67,524	66,934
Dividends (distributions)			Amount per security	Franked amount per security	
Final dividend – 2018 (paid 20 September 2018)			31 ¢	31 ¢	
Interim dividend – Current year			21 ¢	21 ¢	
– Previous corresponding period			21 ¢	21 ¢	
Record date for determining entitlements to the dividend	7 March 2019				
Date of interim dividend payment	21 March 2019				

Explanation of Revenue

See attached annexure and the Directors' Report.

Explanation of Profit from Ordinary Activities after Tax

See attached annexure and the Directors' Report.

Explanation of Net Profit

See attached interim consolidated financial report.

Explanation of Dividends

See attached interim consolidated financial report.

Net Tangible Asset Backing

	December 2018	December 2017
Net tangible asset backing per share	\$6.36	\$6.00

Controlled Entities Acquired or Disposed of

See attached interim consolidated financial report.

Additional Dividend Information

See attached interim consolidated financial report.

Dividend Re-Investment Plans

The Dividend Re-Investment Plan ("DRP") was suspended in August 2010 and will not operate for the 2019 interim dividend.

Associates and Joint Venture Entities

See attached interim consolidated financial report.

Compliance Statement

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

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

REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED GROUP RESULT	31 December 2018		31 December 2017		31 December 2016	
	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	26,409	26,409	24,117	24,117	33,008	33,008
New Zealand	4,028	4,028	3,367	3,367	4,361	4,361
Hospitality and Leisure						
Hotels and Resorts	35,394	35,394	36,449	36,449	24,546	24,546
Thredbo Alpine Resort	25,813	25,813	24,196	24,196	20,469	20,469
Property and Other Investments	7,071	7,071	6,856	6,856	5,475	5,475
Unallocated revenues and expenses	(10,780)	(10,780)	(8,683)	(8,683)	(12,636)	(12,636)
	87,935	87,935	86,302	86,302	75,223	75,223
Finance revenue	249	249	248	248	233	233
Finance costs	(4,782)	(4,782)	(3,069)	(3,069)	(4,279)	(4,279)
	83,402	83,402	83,481	83,481	71,177	71,177
Income tax expense	(23,627)	(23,627)	(26,081)	(26,081)	(21,663)	(21,663)
Profit from continuing operations	59,775	59,775	57,400	57,400	49,514	49,514
Individually significant items – net of tax		5,256		872		(387)
Discontinued operations – net of tax		2,493		8,662		10,255
Reported net profit		67,524		66,934		59,382

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

Reported net profit after discontinued operations was \$67,524,000 (2017: \$66,934,000) and \$590,000 or 0.9% above the prior comparable half year. The normalised result before interest and income tax expense was \$87,935,000 (2017: \$86,302,000) and \$1,633,000 or 1.9% above the prior comparable half year, and the normalised result after tax was \$59,775,000 (2017: \$57,400,000) and \$2,375,000 or 4.1% above the prior comparable half year.

Discontinued operation – CineStar Germany

On 22 October 2018, the sale of the German Cinema operation to Vue International Bidco plc, subject to Federal Cartel Office (FCO) approval, was announced. As a result, the Entertainment Germany result has been reported as a discontinued operation. The sale includes an upfront payment of €130 million (A\$206 million) and variable consideration of up to €81.8 million (A\$130 million) depending on German market admissions for the 2019 calendar year and up to a further €10 million (A\$16 million) subject to the satisfaction of other agreed conditions. The variable consideration is based on German market admissions in the 2019 calendar year reaching a minimum of 105 million with the full consideration paid at 115 million admissions. The FCO review is in progress. This operation was not a discontinued operation at the end of the prior financial period (31 December 2017) and the comparative Income Statement for the half year to 31 December 2017 has been re-presented to show the discontinued operation separately from continuing operations.

Individually significant items – continuing operations

	31 Dec 2018 \$'000	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Reversal of impairment charges booked in previous years	9,144	—	—
Hotel and cinema pre-opening expenses	(2,608)	(334)	(2,387)
Sale of apartments at QT Melbourne	—	48	1,984
Other individually significant items (net)	(1,169)	1,532	(150)
Individually significant items before income tax	5,367	1,246	(553)
Income tax (expense)/benefit	(111)	(374)	166
Individually significant items after income tax	5,256	872	(387)

REVIEW OF OPERATIONS

Entertainment

Entertainment Australia

The normalised profit before interest and income tax expense was \$26,409,000, an increase of \$2,292,000 or 9.5% above the prior comparable half year.

The total Australian Box Office for the year finished 8.2% above the comparable prior half year and the Group's box office traded slightly below market due to the genre mix of titles which attracted more of the adult and seniors' market and played on more screens including independent and art house operators. However, the Group increased market share on blockbuster and family titles.

The titles that grossed over \$20 million at the Australian Box Office during the period included: *Bohemian Rhapsody* (\$42.4 million); *A Star is Born* (\$32.9 million); *Crazy Rich Asians* (\$24.2 million); *Fantastic Beasts: The Crimes Of Grindelwald* (\$23.3 million); *Mamma Mia: Here We Go Again!* (\$22.5 million); *Venom* (\$22.0 million); and *Incredibles 2* (\$21.0 million). These seven titles collectively grossed \$188.3 million and on a comparative basis the top seven grossing titles from the prior comparable half year grossed \$192.5 million. However, mid-tier film product for the period has been stronger, with 25 films between \$5 million and \$20 million, grossing a total of \$271.7 million, compared with 23 titles in the prior comparable half year, grossing \$253.8 million.

The average admission price increased supported by the variable pricing strategy. The variable pricing strategy is also supporting an overall increase in profit from the sites that have adopted this approach for more than 12 months. Merchandising spend increased from the family market due to new strategies targeting this critical market. The owned premium brand Parlour Lane was launched. The flavoured popcorn range (launched September) and premium choc-top (launched December) are contributing incremental growth in their respective categories.

Strong growth in online revenue continues with enhancements to our eCommerce experience and constant innovation focused on ways to increase spend prior to a customer's arrival at the cinema. Online booking fee income increased 18.5% over the prior comparable period.

Importantly, our direct customer relationships are exceptionally strong with Cinebuzz representing more than 65% of cinema visits and more than 85% of online transactions. The power of a direct relationship with more than 2 million active customers increases our ability to influence customer spend.

During the period the Group opened two new cinemas, totalling 17 screens. These included some of the new 'Future of Cinema' concepts designed to convert cinema foyers and auditoriums into entertainment spaces in order to increase spend per customer. The new Event Cinemas in Coomera (Gold Coast) includes two Gold Class experiences, two new three-seat concept Vmax experiences and four premium seat traditional screens with daybeds, leveraging underutilised cinema space for a premium return. Kawana (Sunshine Coast) includes three enhanced Gold Class experiences, two new three-seat concept Vmax experiences and four premium seating traditional screens. In addition, these cinemas include new concept marketplaces designed to increase customer spend via better flows, focus on core product, introduction of health food and driving an increase in impulse purchases. Early results are very pleasing with all key metrics performing above expectations. These new concepts will be included where relevant, in future cinema upgrades.

In addition, as part of the strategy to improve our asset portfolio, the Group closed three cinemas totalling 13 screens during the period. These included Event Cinemas in Cairns City, BCC Cinemas in Darwin and the Tower Cinema in Newcastle. These sites had been underperforming for a number of years.

As a result of the new cinemas opening and cinemas closing, the Group now operates 76 cinemas and 707 screens compared with 77 cinemas and 703 screens at 30 June 2018.

Cinema upgrades (with new concepts) to commence in the second half include George Street, Macquarie, Shellharbour, and Tuggerah. The Group aims to upgrade the top performing sites within three years in line with the strategy to target investment in the best cinemas.

New sites in the pipeline (including new concepts) include;

- Clayton (Village operated JV, mid 2020) – 6 screens
- Innaloo (Event operated JV, late 2020) – 10 screens
- Edmondson Square (Event operated JV, mid 2021) – 6 screens
- Castle Hill (Event operated JV, 2023) – 13 screens
- Green Square (Event operated JV, late 2022) – 5 screens

It is important to note that due to the application of the new revenue standard (AASB 15) a change has been made to the measurement of loyalty points and the timing of voucher breakage revenue recognition. Unredeemed and expired vouchers were previously recognized at expiry, and under AASB 15 a portion of the estimated breakage is recognised before the vouchers have actually expired. Whilst this is only a timing difference, there was a reduction in revenue from gift card breakage in the half year and adjusted for AASB 15, normalised profit would have been up 15% on the prior half year.

Entertainment New Zealand

Entertainment New Zealand delivered a record first half result with normalised profit before interest and income tax expense of \$4,028,000, an increase of \$661,000 or 19.6% above the prior comparable half year.

Total New Zealand box office increased by 11.3% over the prior comparable half year. Excluding the growth from a new competitor in a market in which the Group does not operate, performance was slightly behind market due to the genre mix of films.

The five highest-grossing titles within the New Zealand market included: *Bohemian Rhapsody* (NZ\$6.2 million); *Incredibles 2* (NZ\$6.2 million); *Mamma Mia: Here We Go Again!* (NZ\$ 6.1 million); *A Star is Born* (NZ\$5.4 million); and *Fantastic Beasts: The Crimes Of Grindelwald* (NZ\$4.0 million). These five titles achieved a combined total of NZ\$27.9 million compared to the top five titles in the prior year which collectively grossed NZ\$27.1 million. Whilst these highest-

grossing titles only increased 3.0% on the prior year, mid-tier film product was comparatively stronger with 26 films grossing over NZ\$1.0 million compared to 22 titles in the prior comparable period.

The average admission price increased supported by the successful variable pricing strategy. Merchandising spend was in line with prior year and a pleasing result given less 'popcorn' films in this period versus prior period.

Similar to Australia, Cinebuzz continues to strengthen and now represents 70% of online bookings. Online booking fee revenue increased 22% over the prior comparable half year.

No new cinemas opened in New Zealand during the period. Upgrades to Event Cinemas Queen Street and Event Cinemas Westgate are planned to commence in the second half of this year incorporating new concepts.

New cinemas in the pipeline incorporating new concepts include Tauranga Crossing (May) and Newmarket (November).

Discontinued operation – Entertainment Germany

As noted above, this division has been presented as a discontinued operation in the income statement for the half year ended 31 December 2018.

The German market was impacted by the disruption caused by the FIFA World Cup, an extended summer with record warm weather, lack of German films in the top five (*Fack Ju Gohte 3* was the number two film in the prior year) and a Hollywood line up that had less appeal for German audiences. As a result, German market admissions fell by 14.8%. The reported net profit after income tax from Entertainment Germany was \$2,493,000, a decrease of \$6,169,000 or 71.2% below the prior half year period. Profit before interest, income tax expense and individually significant items was \$4,222,000, a decrease of \$12,134,000 or 74.2% below the prior half year period.

The highest grossing titles within the German market included *Fantastic Beasts: The Crimes of Grindelwald* (3.4 million admissions), *Bohemian Rhapsody* (2.4 million admissions) and *Hotel Transylvania 3: Summer Vacation* (2.5 million admissions). The top ten films achieved total market admissions of 19.1 million and 25.7% below the top ten films of the prior year comparative period which achieved 25.7 million admissions. Outside of the top ten films, the market was down 4.9% and German produced films represented 18.6% (2017: 23.4%) of the German Box Office and admissions to German films fell by 32.8% over the prior year comparative period.

Costs were well managed and all variable costs were flexed wherever possible to respond to the softening of the admission levels.

Cinema locations increased during the half year with the addition of the 9-screen cinema at Augsburg (opened 20 September 2018) and the 5-screen at Remscheid (opened 12 December 2018). The 5-screen cinema being developed at Freising is expected to open in the second half of the 2019 calendar year. The new cinemas incorporate traditional as well as introduce premium seating concepts.

Hospitality and Leisure

Hotels and Resorts

The normalised profit before interest and income tax expense was \$35,394,000 a decrease of \$1,055,000 or 2.9% below the prior comparable half year. The normalised result from the Group's owned hotels was up 1.5% on a like-for-like basis (excluding QT Perth and Atura Adelaide Airport which opened during the half year), and like-for-like owned hotel revpar (revenue per available room) increased 0.4% over the prior comparable half year.

Softening in certain key markets has emerged relative to the cyclical high prior year results in Sydney and Cairns, whilst revpar continues to weaken in the Perth market. In Central Sydney, the Group's hotels occupy prime locations with differentiated brands. In Perth, the QT brand is performing above expectations in a tough market and the food and beverage experiences have been well recognised and received. In Western Sydney, the impact of new supply was more challenging with seven new hotels representing a 6.5% increase in supply, but an increased focus on conference and events is supporting the Group's hotel performance. In the Cairns market, an increase in supply with a softening in demand impacted overall market performance. Whilst Cairns is a marginal contributor to the Group's earnings, we are reviewing our value proposition for this market.

Favourable trading environments continued in all other markets despite increases in hotel supply. The Melbourne market revpar was marginally up 0.5%, and QT Melbourne outperformed the market. We continue to see revpar growth in the majority of locations that are most critical to our earnings.

Average daily room rate in the Group's owned hotels held steady at \$182, however, occupancy declined 1.1 percentage points to 79.5%, resulting in a revpar decline of 1.2% over the prior comparable period. On a like-for-like basis revpar increased 0.4% over the prior comparable half year; a pleasing result compared to a record prior year first half result with softer market conditions.

The normalised profit for the half year was negatively impacted by the opening of QT Perth. This impact was partly offset by the opening of Atura Adelaide Airport which had a marginal positive impact on earnings. Both of these hotels opened successfully and are trading ahead of expectations.

Four new managed hotels joined the Group during the half year including Rydges Darwin Central, The Ultimo (Sydney), Pensione Hotel (Perth) and All Suites (Perth), with a total of 10 new management and license agreements that

commenced in the 2018 calendar year. We are also pleased to announce new management contracts for QT Auckland, which is due to open early in the 2020 calendar year, and QT Adelaide, which is expected to open in 2021.

As a result of a seismic assessment, during the second half, the east and west wings of Rydges Queenstown will be closed for redevelopment and this partial closure, representing 54% of Rydges rooms, will temporarily impact earnings from this property. In the year ending 30 June 2019, the impact of this partial closure is expected to be less than A\$1 million and on an annualised basis, the impact is expected to be around A\$2 million. The redevelopment of this property is a key strategic priority and will enable the Group to better recognise the value of this prime location and asset. The development timeline is anticipated to be around two years.

Consistent with the Group's strategy of divesting underperforming assets, QT Port Douglas was sold in December 2018 for \$14 million, resulting in a reversal of prior year impairment charges of \$6.5 million, whilst Rydges Gladstone was sold in February 2019 for \$2.9 million, with a reversal of prior year impairment charges of \$2.7 million recorded in the half year. These divestments will positively benefit earnings by an estimated \$1 million annualised.

Thredbo Alpine Resort

The normalised profit before income tax expense was \$25,813,000, an increase of \$1,617,000 or 6.7% above the prior comparable half year record result.

Total revenue for the half year grew 9.9%. Lift pass revenue for the 2018 snow season from 1 July 2018 increased 10.5%, with a 2.8% increase in skier visits and 6.6% yield improvement. Strong food and beverage revenues contributed to overall growth with revenue increasing by 14.3% over the prior comparable half year.

Revenue from snow sports increased 18.0% over the prior comparable half year with particularly strong demand from new skiers for lessons in September.

Revenue from summer operations continues its strong growth trend with a 6.1% increase in revenue in November and December 2018 over the prior comparable period.

Property and Other Investments

The normalised profit before interest and income tax expense was \$7,071,000 an increase of \$215,000 or 3.1% above the prior comparable half year. The result includes a fair value increment of the investment properties of \$1,150,000, down \$350,000 on the prior year (half year ended 31 December 2017: fair value increment of \$1,500,000). Rental income increased 4.3% due to the tenancy of the Forum Building in Brisbane to JD Sports.

Unallocated revenues and expenses

The unallocated revenues and expenses include the Group's corporate operations and various head office expenses was up 24%. However, an incremental bonus expense was incurred in the half year following the strong result for the year ended 30 June 2018. Excluding incremental bonus expenditure, unallocated revenue and expenses were consistent with the prior comparable half year.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED

INTERIM CONSOLIDATED FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial report for the half year ended 31 December 2018 and the independent auditor's review report thereon.

Directors

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

Name	Period of directorship
AG Rydge (Chairman)	Director since 1978
JM Hastings (Chief Executive Officer)	Director since 2017
RG Newton	Director since 2008
PR Coates AO	Director since 2009
KG Chapman	Director since 2010
VA Davies	Director since 2011
DC Grant	Director since 2013
PM Mann	Director since 2013

Review of operations

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

Dividend

On 21 February 2019 the directors declared an interim dividend of \$33,851,059 (21 cents per share).

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

The lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the half year ended 31 December 2018.

Rounding off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191* 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 21st day of February 2019.



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 review of Event Hospitality & Entertainment Limited for the half-year ended 31 December 2018 there have been:

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

KPMG

KPMG

Anthony Travers
Partner
Sydney
21 February 2019

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 Dec 2018 \$'000	30 June 2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		78,143	95,564
Trade and other receivables		63,955	55,293
Inventories		18,090	21,552
Prepayments and other current assets		14,216	16,482
Assets held for sale	5	172,527	–
Total current assets		346,931	188,891
Non-current assets			
Trade and other receivables		1,042	1,042
Other financial assets		1,396	1,396
Available-for-sale financial assets		19,241	20,924
Investments accounted for using the equity method	8	12,449	14,368
Property, plant and equipment	9	1,266,096	1,321,917
Investment properties		75,150	74,000
Goodwill and other intangible assets	10	93,646	101,323
Deferred tax assets		11,247	4,771
Other non-current assets		2,052	1,947
Total non-current assets		1,482,319	1,541,688
Total assets		1,829,250	1,730,579
LIABILITIES			
Current liabilities			
Trade and other payables		91,149	106,947
Loans and borrowings	11	–	1,127
Current tax liabilities		13,012	1,298
Provisions		19,858	20,665
Deferred revenue		65,525	90,170
Other current liabilities		4,476	5,852
Liabilities held for sale	5	60,996	–
Total current liabilities		255,016	226,059
Non-current liabilities			
Loans and borrowings	11	420,117	376,355
Deferred tax liabilities		11,937	11,731
Provisions		10,611	16,443
Deferred revenue		10,303	9,202
Other non-current liabilities		2,104	2,191
Total non-current liabilities		455,072	415,922
Total liabilities		710,088	641,981
Net assets		1,119,162	1,088,598
EQUITY			
Share capital	12	219,126	219,126
Reserves	13	72,447	64,896
Retained earnings		827,589	804,576
Total equity		1,119,162	1,088,598

The Statement of Financial Position is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 19 to 41.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Continuing operations			
Revenue and other income			
Revenue from sale of goods and rendering of services	3	498,243	478,787
Other revenue and income	3	27,155	16,720
		525,398	495,507
Expenses			
Employee expenses		(146,473)	(132,493)
Occupancy expenses		(80,243)	(73,958)
Film hire and other film expenses		(69,197)	(66,096)
Purchases and other direct expenses		(47,403)	(49,886)
Amortisation and depreciation		(36,158)	(36,004)
Other operating expenses		(35,895)	(34,001)
Advertising, commissions and marketing expenses		(16,751)	(15,523)
Finance costs		(4,783)	(3,069)
		(436,903)	(411,030)
Equity profit			
Share of net profit of equity accounted investees	14	274	249
Profit before income tax expense			
	4	88,769	84,726
Income tax expense	7	(23,738)	(26,454)
Profit after tax from continuing operations		65,031	58,272
Discontinued operations			
Profit after tax from discontinued operations	5	2,493	8,662
Profit for the period		67,524	66,934
		31 Dec 2018	31 Dec 2017
		Cents	Cents
Earnings per share			
<i>Basic earnings per share</i>			
Continuing operations		40.5	36.4
Discontinued operations		1.6	5.4
Total		42.1	41.8
Diluted earnings per share			
Continuing operations		40.2	36.2
Discontinued operations		1.5	5.4
Total		41.7	41.6

The Income Statement is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 19 to 41.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Profit for the period	67,524	66,934
<i>Other comprehensive income</i>		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation differences for foreign operations – net of tax	7,611	294
Net change in fair value of available-for-sale financial assets – net of tax	(1,178)	794
Net change in fair value of cash flow hedges – net of tax	1	(1)
Other comprehensive income for the period – net of tax	6,434	1,087
Total comprehensive income for the period	73,958	68,021

The Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 19 to 41.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	219,126	64,896	804,576	1,088,598
Adjustment on initial application of AASB15 net of tax	–	–	5,369	5,369
Restated balance at 1 July 2018	219,126	64,896	809,945	1,093,967
Profit for the period	–	–	67,524	67,524
<i>Other comprehensive income</i>				
Foreign currency translation differences for foreign operations – net of tax	–	7,611	–	7,611
Net change in fair value of available-for-sale financial assets – net of tax	–	(1,178)	–	(1,178)
Net change in fair value of cash flow hedges – net of tax	–	1	–	1
Total other comprehensive income recognised directly in equity	–	6,434	–	6,434
Total comprehensive income for the period	–	6,434	67,524	73,958
Employee share-based payments expense – net of tax	–	1,117	–	1,117
Dividends paid	–	–	(49,880)	(49,880)
Balance at 31 December 2018	219,126	72,447	827,589	1,119,162
Balance at 1 July 2017	219,126	54,933	776,230	1,050,289
Profit for the period	–	–	66,934	66,934
<i>Other comprehensive income</i>				
Foreign currency translation differences for foreign operations – net of tax	–	294	–	294
Net change in fair value of available-for-sale financial assets – net of tax	–	794	–	794
Net change in fair value of cash flow hedges – net of tax	–	(1)	–	(1)
Total other comprehensive income recognised directly in equity	–	1,087	–	1,087
Total comprehensive income for the period	–	1,087	66,934	68,021
Employee share-based payments expense – net of tax	–	2,838	–	2,838
Dividends paid	–	–	(49,774)	(49,774)
Balance at 31 December 2017	219,126	58,858	793,390	1,071,374

The Statement of Changes in Equity is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 19 to 41.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	713,139	699,141
Cash payments in the course of operations	(617,366)	(575,032)
Cash provided by operations	95,773	124,109
Distributions from associates and joint ventures	131	102
Other revenue	28,349	29,985
Dividends received	452	439
Interest received	335	287
Finance costs paid	(4,982)	(3,995)
Income tax paid	(27,339)	(25,923)
Net cash provided by operating activities	92,719	125,004
Cash flows from investing activities		
Payments for property, plant and equipment and redevelopment of properties	(67,957)	(81,312)
Finance costs paid in relation to qualifying assets	(2,529)	(2,864)
Payment for interest in a joint venture	-	(3,266)
Payment for business acquired, including intangible assets	-	(1,141)
Payments for management rights, software and other intangible assets	(3,330)	(467)
Decrease in loans from other entities	(106)	(912)
Proceeds from disposal of property, plant and equipment	14,000	429
Net cash used by investing activities	(59,922)	(89,533)
Cash flows from financing activities		
Proceeds from borrowings	70,000	86,665
Transaction costs related to borrowings	-	(1,453)
Repayment of borrowings	(28,000)	(33,759)
Dividends paid	(49,880)	(49,774)
Net cash provided by financing activities	(7,880)	1,679
Net increase in cash and cash equivalents	24,917	37,150
Cash and cash equivalents at the beginning of the period	95,564	92,318
Effect of exchange rate fluctuations on cash held	1,749	1,737
Cash and cash equivalents at the end of the period	122,230	131,205
Attributable to:		
Continuing operations	78,143	61,926
Discontinued operations	44,087	69,279
Cash and cash equivalents at the end of the period	122,230	131,205

The Statement of Cash Flows is to be read in conjunction with the condensed notes to the interim consolidated financial report on pages 19 to 41.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE

EVENT Hospitality & Entertainment Limited (“Company”) is a company domiciled in Australia. The condensed interim consolidated financial report of the Company as at and for the six months ended 31 December 2018 comprises the Company and its subsidiaries (collectively referred to as “Group” or “Consolidated Entity”) and the Group’s interest in associates and jointly controlled entities.

The interim consolidated financial report was authorised by the Board of the Company for issue on 21 February 2019.

(a) Statement of compliance

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

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

It is recommended that this interim consolidated financial report be read in conjunction with the most recent annual financial report for the year ended 30 June 2018. This report should also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2017/191* and 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.

This is the first Group financial report where AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 1(d).

(b) Estimates

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

In preparing the interim consolidated financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2018, with the exception of estimation uncertainty in relation to gift card and voucher breakage following the application of AASB 15 *Revenue from Contracts with Customers* (see Note 1(d) below).

(c) Financial risk management

The Group’s financial risk management systems are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2018.

(d) New and amended accounting standards adopted by the Group

Except as described below, the accounting policies applied in the interim consolidated financial report are the same as those applied in the Group’s consolidated financial report as at and for the year ended 30 June 2018. The changes in the accounting policies will also be reflected in the Group’s consolidated financial report as at and for the year ended 30 June 2019.

The Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Group’s financial statements.

AASB 15 Revenue from Contracts with Customers (“AASB 15”)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(d) New and amended accounting standards adopted by the Group (continued)

AASB 15 Revenue from Contracts with Customers (continued)

The Group has adopted AASB 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application of 1 July 2018. Accordingly, the information presented for 2017 has not been restated i.e. it is presented, as previously reported, under AASB 118, AASB 111 and related interpretations. Additionally, the disclosure requirements of AASB 15 have not generally been applied to comparative information.

The following table summarises the impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018.

Impact of adopting AASB 15 at 1 July 2018	\$'000
Retained earnings	
(1) Breakage on gift card revenue	9,006
(2) Deferral of gift card selling costs	557
(3) Adjustment to fair value of loyalty points	(4,194)
(4) Contract acquisition costs for hotel management agreements	–
Impact at 1 July 2018	5,369

The following tables summarise the impact of adopting AASB 15 on the Group's statement of financial position as at 31 December 2018 and its income statement and statement of comprehensive income for the half year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the half year ended 31 December 2018.

Impact on the consolidated statement of financial position

31 December 2018	Note	As reported \$'000	Adjustments \$'000	Amounts without adoption of AASB 15 \$'000
Total assets		1,829,250	–	1,829,250
LIABILITIES				
Deferred revenue (current and non-current)	1, 2, 3	75,828	(1,054)	74,774
Deferred tax liabilities	1, 2, 3	11,937	316	12,253
Liabilities held for sale	1, 3	60,996	4,255	65,251
Other liabilities		561,327	–	561,327
Total liabilities		710,088	3,517	713,605
Net assets		1,119,162	(3,517)	1,115,645
EQUITY				
Share capital		219,126	–	219,126
Reserves		72,447	(120)	72,327
Retained earnings	1, 2, 3	827,589	(3,397)	824,192
Total equity		1,119,162	(3,517)	1,115,645

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(d) New and amended accounting standards adopted by the Group (continued)

AASB 15 Revenue from Contracts with Customers (continued)

Impact on the consolidated income statement and consolidated statement of comprehensive income

Consolidated Income Statement For the half year ended 31 December 2018	Note	As reported \$'000	Adjustments \$'000	Amounts without adoption of AASB 15 \$'000
Revenue and other income				
Revenue from sale of goods and rendering of services	1, 2, 3, 4	498,243	1,781	500,024
Other revenue and income		27,155	—	27,155
		525,398	1,781	527,179
Expenses				
Depreciation and amortisation	4	(34,817)	(711)	(35,528)
Other expenses		(402,086)	—	(402,086)
		(436,903)	(711)	(437,614)
Equity profit				
Share of net profit of equity accounted investees		274	—	274
Profit before income tax expense				
Income tax expense	1, 2, 3, 4	(23,738)	(322)	(24,060)
Profit after tax from continuing operations		65,031	748	65,779
Discontinued operations				
Profit after tax from discontinued operations	1, 3	2,493	1,224	3,717
Profit for the period		67,524	1,972	69,496
Consolidated Statement of Comprehensive Income For the half year ended 31 December 2018				
Profit for the period	1, 2, 3	67,524	1,972	69,496
Other comprehensive income for the period – net of tax		11,803	(120)	11,683
Total comprehensive income for the period		79,327	1,852	81,179

(1) Breakage on gift card and voucher revenue

Under AASB 15, revenue from gift cards and vouchers that are not redeemed by customers (“breakage”) is required to be estimated and recognised as revenue based on historical patterns of redemption by customers. The Group previously recognised breakage only after the gift cards and vouchers had expired. This adjustment has resulted in a decrease in the revenue recognised in the half year ended 31 December 2018 and an increase in the deferred revenue balance as at that date. Judgement is required to estimate future gift card and voucher breakage and actual breakage may differ from management’s estimate.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(d) New and amended accounting standards adopted by the Group (continued)

AASB 15 Revenue from Contracts with Customers (continued)

(2) Deferral of gift card selling costs

The Group incurs commission and other direct expenses in relation to the sale of gift cards that were previously expensed as incurred. AASB 15 requires that the incremental costs of obtaining a contract with a customer be recognised as an asset if those costs are expected to be recovered, and as a result the Group has recognised an asset in relation to the selling costs associated with gift cards that are not yet redeemed by customers at the balance sheet date.

(3) Adjustment to fair value of loyalty points

The Group has changed its methodology for calculating the fair value of unredeemed loyalty points on the basis of the specific guidance in AASB 15 and this has resulted in a decrease in revenue recognised in the half year ended 31 December 2018 and an increase in the deferred revenue balance as at that date.

(4) Contract acquisition costs for hotel management agreements

Under AASB 15, contract acquisition costs related to hotel management agreements are recognised over the term of the contracts as a reduction in revenue instead of as amortisation expense, with no net effect on the Group's profit or loss or net asset position.

AASB 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

AASB 9 Financial Instruments ("AASB 9")

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

Expected credit loss impairment model

AASB 9 introduces a new expected credit loss impairment model for accounting for the impairment of financial assets, including trade receivables. This replaces the previous incurred loss model required by AASB 139. The Group has revised its methodology and accounting policy for the impairment of trade receivables to reflect the requirements of AASB 9. The Group's allowance for trade receivables under previous incurred loss model and the new expected credit loss impairment model required by AASB 9 is immaterial and consequently the adoption of this new accounting policy has had no impact on the Group's financial statements.

Hedge accounting

AASB 9 introduces a new hedge accounting model, replacing the previous model in AASB 139. AASB 9's hedge accounting model requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group's New Zealand Dollar 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. This hedge relationship met the requirements of the AASB 139 hedge accounting model and continues to meet the requirements of the new AASB 9 hedge accounting model and consequently the adoption of AASB 9 has not had an impact on how this hedge relationship is accounted for in the Group's financial statements.

Classification and measurement of financial assets and financial liabilities

AASB 9 contains three principal categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND COMPLIANCE (CONTINUED)

(d) New and amended accounting standards adopted by the Group (continued)

AASB 9 Financial Instruments (continued)

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

The Group holds an equity investment in a company listed on the ASX that under AASB 139 was classified as an available-for-sale financial asset. AASB 9 allows entities to make an irrevocable election to measure equity investments not held for trading as FVOCI, and the Group has made this election in respect of this investment. The accounting requirements of AASB 9 for financial assets classified as FVOCI are similar to those of AASB 139 for available-for-sale financial assets and consequently there is no significant impact on the Group's financial statements of the classification of this investment as FVOCI under AASB 9.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

(e) New standards and interpretations not yet adopted

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 14 and 15 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 determined to apply the modified retrospective transition approach to adoption of the standard and consequently the date of initial application will be 1 July 2019. Under the transitional provisions, the Group is required to determine the discount rate for each lease at 1 July 2019. The calculation of the impact on the Group's financial statements is materially sensitive to the discount rate used for each lease and consequently it is not yet possible to quantify the impact of AASB 16.

The Group's transition project is well advanced and the Group will be in a position to quantify the impact once the discount rate at 1 July 2019 is determined. The expected quantitative impact of adoption of AASB 16 will be disclosed in the Group's financial statements for the year ending 30 June 2019.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2 – SEGMENT REPORTING

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 Chief Executive Officer ("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.

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

Operating segments

The Group comprises the following main operating segments:

- | | |
|---|---|
| <p>§ Entertainment Australia
Includes the cinema exhibition operations in Australia, technology equipment supply and servicing, and the State Theatre.</p> | <p>§ Hotels and Resorts
Includes the ownership, operation and management of hotels in Australia and overseas.</p> |
| <p>§ Entertainment New Zealand
Includes cinema exhibition operations in New Zealand.</p> | <p>§ Thredbo Alpine Resort
Includes all the operations of the resort including property development activities.</p> |
| <p>§ Entertainment Germany
Includes the cinema exhibition operations in Germany. The Group entered into an agreement for the sale of this division on 22 October 2018 and as a result this segment has been reclassified to discontinued operations. See Note 5 for further information.</p> | <p>§ Property and Other Investments
Includes property rental, investment properties and available-for-sale financial assets.</p> |

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2 – SEGMENT REPORTING (CONTINUED)	Entertainment		Hotels and	Thredbo	Property and	Continuing	Discontinued	Consolidated
	Australia	New Zealand	Resorts	Alpine	Other	operations	operations	Consolidated
Operating segments	\$'000	\$'000	\$'000	Resort	Investments	\$'000	\$'000	\$'000
31 December 2018								
Revenue and other income								
External segment revenue	216,871	42,418	179,529	58,125	1,300	498,243	145,518	643,761
Other income – external	48	16	1,127	5,128	9,355	15,674	2,288	17,962
Finance revenue						249	86	335
Other unallocated revenue						8	–	8
Revenue and other income before individually significant items						514,174	147,892	662,066
Individually significant items						11,224	–	11,224
Revenue and other income						525,398	147,892	673,290
Result								
Segment result before individually significant items	26,422	4,028	35,107	25,813	7,071	98,441	3,463	101,904
Share of net profit of equity accounted investees	(13)	–	287	–	–	274	759	1,033
Total segment result before individually significant items	26,409	4,028	35,394	25,813	7,071	98,715	4,222	102,937
Unallocated revenue and expenses						(10,780)	–	(10,780)
Net finance costs						(4,533)	(182)	(4,715)
Individually significant items						5,367	–	5,367
Profit before income tax expense						88,769	4,040	92,809
Income tax expense						(23,738)	(1,547)	(25,285)
Profit after income tax expense						65,031	2,493	67,524
Reportable segment assets	336,293	69,006	779,099	37,197	352,585	1,574,180	167,361	1,741,541
Equity accounted investments	8,694	–	3,755	–	–	12,449	3,036	15,485
Deferred tax assets						11,247	2,130	13,377
Unallocated corporate assets						58,847	–	58,847
Total assets						1,656,723	172,527	1,829,250

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2 – SEGMENT REPORTING (CONTINUED)	Entertainment		Hotels and Resorts	Thredbo Alpine Resort	Property and Other Investments	Continuing operations	Discontinued operations	Consolidated
	Australia	New Zealand						
Operating segments	\$'000	\$'000	\$'000	\$'000	\$'000			
31 December 2017								
Revenue and other income								
External segment revenue	210,017	39,638	171,189	53,142	1,254	475,240	162,582	637,822
Other income – external	102	976	1,108	4,397	9,368	15,951	2,779	18,730
Finance revenue						248	39	287
Other unallocated revenue						12	–	12
Revenue and other income before individually significant items						491,451	165,400	656,851
Individually significant items						4,056	–	4,056
Revenue and other income						495,507	165,400	660,907
Result								
Segment result before individually significant items	24,061	3,367	36,256	24,196	6,856	94,736	15,185	109,921
Share of net profit of equity accounted investees	56	–	193	–	–	249	1,171	1,420
Total segment result before individually significant items	24,117	3,367	36,449	24,196	6,856	94,985	16,356	111,341
Unallocated revenue and expenses						(8,683)	–	(8,683)
Net finance costs						(2,821)	(789)	(3,610)
Individually significant items						1,246	(2,464)	(1,218)
Profit before income tax expense						84,727	13,103	97,830
Income tax expense						(26,455)	(4,441)	(30,896)
Profit after income tax expense						58,272	8,662	66,934
Reportable segment assets	322,833	65,462	732,330	35,808	348,203	1,504,636	174,533	1,679,169
Equity accounted investments	8,456	–	3,331	–	–	11,787	3,792	15,579
Deferred tax assets						739	4,926	5,665
Unallocated corporate assets						37,759	–	37,759
Total assets						1,554,921	183,251	1,738,172

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3 – REVENUE

The effect of initially applying AASB 15 on the Group's revenue from contracts with customers is described in Note 1(d). Due to the transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue from contracts with customers (see below)	498,243	478,787
Other revenue		
Rental revenue	13,398	12,557
Sale of apartments	–	508
Finance revenue	249	248
Dividends	452	439
Sundry	682	1,390
	14,781	15,142
Other income		
Reversal of impairment charges booked in previous years	9,623	–
Insurance proceeds	1,601	–
Increase in fair value of investment property	1,150	1,500
Profit on sale of property	–	78
	12,374	1,578
	525,398	495,507

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3 – REVENUE (CONTINUED)

	Entertainment		Hotels and Resorts	Thredbo Alpine Resort	Property and Other Investments	Continuing operations	Discontinued operations	Consolidated
	Australia \$'000	New Zealand \$'000						
Disaggregation of revenue from contracts with customers								
31 December 2018								
Major products/service lines								
Box office	127,745	26,654	–	–	–	154,399	86,199	240,598
Food and beverage	57,632	12,038	63,045	10,654	–	143,369	40,849	184,218
Hotel rooms revenue	–	–	97,464	2,357	–	99,821	–	99,821
Management fees	1,110	34	8,323	–	–	9,467	203	9,670
Thredbo lift tickets	–	–	–	37,025	–	37,025	–	37,025
Other revenue from contracts with customers	30,384	3,692	10,697	8,089	1,300	54,162	18,267	72,429
Revenue from contracts with customers	216,871	42,418	179,529	58,125	1,300	498,243	145,518	643,761
Rental revenue						13,398	2,254	15,652
Finance revenue						249	86	335
Dividends						452	–	452
Increase in fair value of investment property						1,150	–	1,150
Sundry						682	34	716
Total revenue and other income before individually significant items						514,174	147,892	662,066
Individually significant items						11,224	–	11,224
Total revenue and other income						525,398	147,892	673,290

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3 – REVENUE (CONTINUED)

	Entertainment		Hotels and Resorts	Thredbo Alpine Resort	Property and Other Investments	Continuing operations	Discontinued operations	Consolidated
	Australia \$'000	New Zealand \$'000						
Disaggregation of revenue from contracts with customers								
31 December 2017								
Major products/service lines								
Box office	120,604	24,963	–	–	–	145,567	96,965	242,532
Food and beverage	56,806	11,674	61,153	9,325	–	138,958	43,177	182,135
Hotel rooms revenue	–	–	91,013	2,193	–	93,206	–	93,206
Management fees	1,137	34	8,151	–	–	9,322	202	9,524
Thredbo lift tickets	–	–	–	33,061	–	33,061	–	33,061
Other revenue from contracts with customers	31,470	2,967	10,872	8,563	1,254	55,126	22,238	77,364
Revenue from contracts with customers	210,017	39,638	171,189	53,142	1,254	475,240	162,582	637,822
Rental revenue						12,557	2,659	15,216
Finance revenue						248	39	287
Dividends						439	–	439
Increase in fair value of investment property						1,500	–	1,500
Sundry						1,467	120	1,587
Total revenue and other income before individually significant items						491,451	165,400	656,851
Individually significant items						4,056	–	4,056
Total revenue and other income						495,507	165,400	660,907

**EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

NOTE 3 – REVENUE (CONTINUED)

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 (applicable from 1 July 2018)	Revenue recognition under AASB 118 (applicable before 1 July 2018)
Box office	<p>Customers purchase a ticket to see a film and the customer obtains control of the service when they see the film. Tickets may be purchased by customers in advance or on the day of the film screening.</p> <p>Customers that are members of the Group's cinema loyalty program (Cinebuzz) earn points when purchasing tickets which can be used to purchase services from the Group in the future.</p>	<p>Box office ticket revenue is recognised on the date the customer views the relevant film.</p> <p>When tickets are sold in advance, the revenue is recorded as deferred revenue in the Statement of Financial Position until the date of the film screening.</p> <p>When gift cards are sold to customers, the revenue is recognised as deferred revenue in the Statement of Financial Position until the customer uses the gift card to purchase goods or services from the Group. Revenue from gift cards that will not be redeemed by customers ("breakage") is estimated and recognised as revenue based on historical patterns of redemption by customers.</p> <p>When customers earn loyalty points, box office revenue is allocated proportionally based on the relative stand-alone selling prices of the ticket and the loyalty points earned. The stand-alone selling price of the loyalty points is determined with reference to the average admission price and expected loyalty point breakage. Loyalty point revenue is recognised as deferred revenue in the Statement of Financial Position until the points are redeemed or expire. Breakage is estimated based on historical patterns of redemptions by customers.</p> <p>Commission and other direct expenses incurred in relation to the sale of gift cards are recognised as an asset until the gift cards are redeemed or expire.</p>	<p>Box office ticket revenue was recognised on the date the customer viewed the relevant film.</p> <p>When tickets were sold in advance or gift cards were sold to customers, the revenue was recorded as deferred revenue in the Statement of Financial Position until the date the customer viewed the relevant film or expiry, whichever was earlier.</p> <p>When customers earned loyalty points, a component of box office revenue was allocated to loyalty points based on the residual method and recognised as deferred revenue until the points were redeemed or expired.</p> <p>Commission and other direct expenses in relation to the sale of gift cards were expensed as incurred.</p>

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3 – REVENUE (CONTINUED)

Performance obligations and revenue recognition policies (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 (applicable from 1 July 2018)	Revenue recognition under AASB 118 (applicable before 1 July 2018)
Food and beverage	Customers obtain control of food and beverage at the point of sale.	Revenue is recognised at the point of sale.	Revenue was recognised at the point of sale.
Hotel rooms revenue	Customers obtain control of the accommodation service when they occupy the room.	Revenue is recognised when the room is occupied.	Revenue was recognised when the room was occupied.
Hotel management fees	Customers, being hotel owners, obtain control of the management service as it is provided over the life of the management or service agreement.	Revenue is recognised as the fees are earned over the life of the contract. Contract acquisition costs are recognised over the life of the control as a reduction in revenue.	Revenue was recognised as the fees were earned over the life of the contract. Contract acquisition costs were amortised over the life the contract.
Thredbo lift tickets	The customer obtains control of the lift service on the day or other period when the lift ticket is valid for use.	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.	Revenue was recognised as the customer used the service. For season and other passes, revenue was recorded as deferred revenue in the Statement of Financial Position initially and was then recognised over the period that the pass was valid.
Thredbo ski school	The customer obtains control of the ski school service when the lesson is attended.	Revenue is recognised at the time of the lesson or other activity.	Revenue was recognised at the time of the lesson or other activity.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 4 – PROFIT BEFORE INCOME TAX	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Profit before income tax expense includes the following items where disclosure is relevant in explaining the financial performance of the Group:		
(a) Individually significant items		
Individually significant items comprised the following:		
Continuing operations		
Reversal of impairment charges booked in previous years	9,144	–
Pre-opening expenses	–	48
Sale of apartments at QT Melbourne	(2,608)	(334)
Other individually significant items (net)	(1,169)	1,532
Individually significant items before income tax	5,367	1,246
Income tax expense	(111)	(374)
Individually significant items after income tax	5,256	872
Discontinued operations		
Impairment charges	–	(2,464)
Individually significant items before income tax	–	(2,464)
Income tax benefit	–	739
Individually significant items after income tax	–	(1,725)

(b) Seasonality of operations

The consolidated result includes the operations of the Thredbo Alpine Resort. Due to the timing of the Australian ski season, profits from this business for the financial year to 30 June 2019 have largely been earned in the half year to 31 December 2018.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5 – DISCONTINUED OPERATIONS

On 22 October 2018, the sale of the German Cinema operation to Vue International Bidco plc, subject to Federal Cartel Office (FCO) approval, was announced. As a result, the Entertainment Germany result has been reported as a discontinued operation. The sale includes an upfront payment of €130 million (A\$206 million) and variable consideration of up to €81.8 million (A\$130 million) depending on German market admissions for the 2019 calendar year and up to a further €10 million (A\$16 million) subject to the satisfaction of other agreed conditions. The variable consideration is based on German market admissions in the 2019 calendar year reaching a minimum of 105 million with the full consideration paid at 115 million admissions. The FCO review is in progress. This operation was not a discontinued operation at the end of the prior financial period (31 December 2017) and the comparative Income Statement for the half year to 31 December 2017 has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to discontinued operations was as follows:

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue and other income		
Revenue from sale of goods and rendering of services	145,518	162,621
Other revenue and income	2,374	2,779
Total revenue and other income	147,892	165,400
Expenses		
Occupancy expenses	(58,087)	(55,118)
Film hire and other film expenses	(39,432)	(46,189)
Employee expenses	(28,887)	(27,444)
Purchases and other direct expenses	(8,492)	(9,162)
Amortisation and depreciation	(3,403)	(7,957)
Other operating expenses	(3,244)	(2,772)
Advertising, commissions and marketing expenses	(2,798)	(3,998)
Finance costs	(268)	(828)
	(144,611)	(153,468)
Equity profit		
Share of net profit of equity accounted investees	759	1,171
Profit before income tax expense	4,040	13,103
Income tax expense	(1,547)	(4,441)
Profit after tax from discontinued operations	2,493	8,662
Cash flows from discontinued operations were as follows:		
Net cash provided by operating activities	13,966	26,801
Net cash used in investing activities	(8,941)	(4,442)
Net cash used in financing activities	(16,656)	(365)
Net cash flows for the period	(11,631)	21,994

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5 – DISCONTINUED OPERATIONS (continued)

Assets and liabilities of disposal group held for sale

At 31 December 2018, the disposal group was stated at its carrying amount, which is lower than the fair value less costs to sell, and comprised the following assets and liabilities:

	\$'000
ASSETS	
Cash and cash equivalents	44,087
Trade and other receivables	17,793
Inventories	3,842
Prepayments and other current assets	450
Investments accounted for using the equity method	3,036
Property, plant and equipment	93,570
Goodwill and other intangible assets	6,729
Deferred tax assets	2,130
Other non-current assets	890
Assets held for sale	172,527
LIABILITIES	
Trade and other payables	19,675
Loans and borrowings	1,288
Provisions	843
Deferred revenue	31,175
Loans and borrowings	912
Provisions	7,103
Liabilities held for sale	60,996
Net assets held for sale	111,531

NOTE 6 – DIVIDENDS

	Per share Cents	Total amount \$'000	Date of payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid in the current and comparative periods are:					
2018					
Final 2018 dividend	31	49,880	20 September 2018	30%	100%
2017					
Final 2017 dividend	31	49,774	21 September 2017	30%	100%
Subsequent events					
Since the end of the period, the directors declared the following dividend:					
Interim 2019 dividend	21	33,851	21 March 2019	30%	100%

The financial effect of this interim dividend has not been brought to account in the interim consolidated financial report for the half year ended 31 December 2018 and will be recognised in subsequent consolidated financial reports.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 7 – TAXATION	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Income tax expense		
Income tax recognised in profit or loss		
Income tax expense attributable to continuing operations	23,738	26,454
Income tax expense attributable to discontinued operations	1,547	4,441
	25,285	30,895
<i>Current income tax</i>		
Current income tax expense	22,549	26,928
Income tax (over)/under provided in the prior year	(155)	285
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	2,891	3,682
Income tax expense reported in the Income Statement	25,285	30,895
Income tax (credited)/charged directly in equity		
<i>Deferred income tax related to items (credited)/charged directly in equity</i>		
Net loss on hedge of net investment in overseas subsidiary	(916)	(262)
Unrealised (loss)/gain on available-for-sale financial assets	(505)	340
Currency translation movements of deferred tax balances of foreign operations	370	(720)
Income tax expense reported in equity	(1,051)	(642)
Reconciliation between tax expense and pre-tax net profit		
A reconciliation between tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax from continuing operations	88,769	84,726
Profit before tax from discontinued operations	4,040	13,103
Accounting profit before income tax expense	92,809	97,829
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% (2017: 30%) on accounting profit	27,843	29,349
Increase in income tax expense due to:		
Depreciation and amortisation of buildings	250	269
Non-deductible items and losses in non-resident controlled entities	1,077	613
Amortisation of management rights and other intangible assets	363	453
Tax losses from prior year now reversed	–	172
AASB15 initial application adjustment included in retained profits	141	–
Share of non-assessable/non-deductible items in partnership income	893	–
Sundry items	322	259
	3,046	1,766
Decrease in income tax expense due to:		
Share of incorporated joint venture net profit	392	505
Sale of property and related impairment reversal adjustments	3,779	–
Tax losses from prior year now utilised	574	–
Sundry items	704	–
	5,449	505
Income tax under/(over) provided in prior period	(155)	285
	25,285	30,895

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 8 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	31 Dec 2018 \$'000	30 June 2018 \$'000
Associates (refer to Note 14)	105	114
Joint ventures (refer to Note 14)	12,344	14,254
	<u>12,449</u>	<u>14,368</u>

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the half year ended 31 December 2018 the Group acquired property, plant and equipment with a cost value of \$70,486,000 (2017: \$84,572,000).

NOTE 10 – GOODWILL AND OTHER INTANGIBLE ASSETS	31 Dec 2018 \$'000
Goodwill and other intangible assets comprise of goodwill, construction rights, management and leasehold rights, liquor licences and software. Movements in goodwill and other intangible assets during the half year were as follows:	
Balance at 1 July 2018	101,323
Acquisitions	805
Net foreign currency differences on translation of foreign operations	1,149
Amortisation	(2,771)
Disposal	(531)
Transfer	400
Transfer to assets held for sale	(6,729)
Balance at 31 December 2018	<u>93,646</u>

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 11 – LOANS AND BORROWINGS	31 Dec 2018 \$'000	30 June 2018 \$'000
Current		
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	–	1,127
	–	1,127
Non-current		
Interest bearing loans and borrowings		
Bank loans – secured	420,152	375,540
Deferred financing costs	(894)	(1,173)
	419,258	374,367
Non-interest bearing loans and borrowings		
Loans from other companies – unsecured	859	1,988
	420,117	376,355

Bank debt – secured

The Group's secured bank debt facilities were amended and restated on 15 August 2017 and comprise the following:

- \$545,000,000 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. At 31 December 2018, the Group had drawn \$420,152,000 (30 June 2018: \$375,540,000) under the debt facilities, of which \$nil (30 June 2018: \$nil) was subject to interest rate swaps used for hedging, and had drawn \$2,983,000 under the credit support facility (30 June 2018: \$2,939,000).

Other facility – secured

Certain wholly owned German subsidiaries have arranged a secured guarantee facility of €17,000,000 (A\$27,516,000) for the issue of letters of credit and bank guarantee.)

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 31 December 2018, the Group had drawn €15,098,000 (A\$24,438,000) under the facility.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 12 – SHARE CAPITAL	31 Dec 2018 Shares	30 June 2018 Shares	31 Dec 2018 \$'000	30 June 2018 \$'000
Share capital				
Fully paid ordinary shares	160,859,374	160,560,596	219,126	219,126
Share capital consists of:				
Ordinary shares	160,835,755	160,536,333		
Tax Exempt Share Plan	23,619	24,263		
	160,859,374	160,560,596		
<i>Treasury shares</i>				
Performance shares	336,147	343,300		
	161,195,521	160,903,896		

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

NOTE 13 – RESERVES	31 Dec 2018 \$'000	30 June 2018 \$'000
Available-for-sale financial assets revaluation	13,513	14,691
Investment property revaluation	5,121	5,121
Hedging	9	8
Share-based payments	34,994	33,877
Foreign currency translation	18,810	11,199
	72,447	64,896

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 14 – INTERESTS IN OTHER ENTITIES

Joint Ventures

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

Name	Principal activities	Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)	
		31 Dec 2018 %	30 Jun 2018 %	31 Dec 2018 \$'000	30 Jun 2018 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Browns Plains Cinemas Pty Limited	Operator of a multiscreen cinema complex	^(a) 50	^(a) 50	712	750	(38)	(40)
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Operator of a multiscreen cinema complex	^(b) 50	^(b) 50	–	1,295	–	–
Filmpalast Konstanz GmbH & Co. KG	Operator of a multiscreen cinema complex	^(b) 50	^(b) 50	–	710	–	–
Rydges Latimer Holdings Limited	Hotel owner	^(c) 16	^(c) 16	3,755	3,461	286	193
Loganholme Cinemas Pty Limited	Operator of a multiscreen cinema complex	50	50	7,877	7,842	35	106
Red Carpet Cinema Communication GmbH & Co. KG	Event management	^(b) 50	^(b) 50	–	196	–	–
				12,344	14,254	283	259

Note:

(a) 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. The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

(b) These companies are incorporated in Germany. The Group's investment in these companies has been reclassified to assets held for sale; see Note 5.

(c) This company is incorporated in New Zealand.

Associates

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

Name	Principal Activities	Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)	
		31 Dec 2018 %	30 Jun 2018 %	31 Dec 2018 \$'000	30 Jun 2018 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Cinesound Movietone Productions Pty Limited	Film owner and distributor	50	50	105	114	(9)	(10)
Digital Cinema Integration Partners Pty Limited	Administration	48	48	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	Administration	^{(a)(b)} 60	^{(a)(b)} 60	–	–	–	–
DeinKinoticket GmbH	Operator of DeinKinoticket website	^(c) 24	^(c) 24	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Operator of Movietimes website	^(a) 53	^(a) 53	–	–	–	–
				105	114	(9)	(10)

Note:

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

(b) This company is incorporated in New Zealand.

(d) This company is incorporated in Germany. The Group's investment in this company has been reclassified to assets held for sale; see Note 4.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 14 – INTERESTS IN OTHER ENTITIES (CONTINUED)

Joint operations

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

Name	Principal activities	Country of operation	Ownership interest	
			31 Dec 2018 %	30 Jun 2018 %
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	50	50
Casuarina Cinema Centre Joint Venture	Operator of a multiscreen cinema complex	Australia	50	50
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

Note:

(a) In addition to the 33% interest in the Browns Plains Multiplex Joint Venture held directly, the Group has a 50% interest in Browns Plains Cinemas Pty Limited, 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%.

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:

	31 Dec 2018 \$'000	30 June 2018 \$'000
Within one year	32,189	32,785
Later than one year but not later than five years	85,433	87,091
Later than five years	115,257	106,562
	232,879	226,438

Subsidiaries

A list of subsidiaries of the Group is set out in Note 5.2 of the 2018 Annual Report. Since 1 July 2018 there have been no significant changes to the Group's subsidiaries. As disclosed in Note 5, the Group has entered into an agreement for the sale of its German cinema exhibition, CineStar, which includes the Group's German subsidiary companies. This sale is expected to be completed later in the 2019 calendar year.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – COMMITMENTS AND LEASES

Other than the following, there have been no material changes in commitments and leases since 30 June 2018.

	31 Dec 2018 \$'000	30 June 2018 \$'000
Operating lease commitments – as lessee		
Future minimum operating lease rentals not provided for and payable:		
Within one year	104,333	100,748
Later than one year but not later than five years	283,549	271,245
Later than five years	260,589	228,867
	648,471	600,860

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

NOTE 16 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2018.

NOTE 17 – EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

For details of the interim 2019 dividend declared after 31 December 2018 refer to Note 6.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

1. The interim consolidated financial statements and notes set out on pages 14 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



AG Rydge
Director



JM Hastings
Director

Dated at Sydney this 21st day of February 2019



Independent Auditor's Review Report

To the shareholders of Event Hospitality & Entertainment Limited

Report on the interim consolidated financial report

Conclusion

We have reviewed the accompanying interim consolidated financial report of Event Hospitality & Entertainment Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Event Hospitality & Entertainment Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The interim consolidated financial report comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Event Hospitality & Entertainment Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibilities of the Directors for the interim consolidated financial report

The Directors of the Company are responsible for:

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

Auditor's responsibility for the review of the interim consolidated financial report

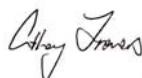
Our responsibility is to express a conclusion on the interim consolidated financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Event Hospitality & Entertainment Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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



KPMG



Anthony Travers
Partner
Sydney
21 February 2019



Tracey Driver
Partner
Sydney
21 February 2019