EVENT Hospitality & Entertainment Limited

Financial Results
For the half year ended 31 December 2020

This half year report is presented under listing rule 4.2A and should be read in conjunction with the EVENT Hospitality & Entertainment Limited 2020 Annual Report.

ASX code: EVT

Released: 18 February 2021

Telephone: +61 2 9373 6600

Contact: Jane Hastings (Chief Executive Officer)

David Stone (Company Secretary)

EST 1910

APPENDIX 4D
HALF YEARLY REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2020
(previous corresponding period: half year ended 31 December 2019)

Key Information

				2020 A$'000	Restated 2019 A$'000
Revenue and other income	Down	58.2%	to	294,079	703,164
Total revenue and other income	Down	58.2%	to	294,079	703,164
(Loss)/profit before individually significant items, net finance costs and income tax	Down	157.5%	to	**(64,858)**	**112,783**
Net finance costs				(20,598)	(16,514)
(Loss)/profit before individually significant items and income tax	Down	188.8%	to	**(85,456)**	**96,269**
Individually significant items				3,683	529
(Loss)/profit before income tax	Down	184.5%	to	**(81,773)**	**96,798**
Income tax benefit/(expense)				21,558	(26,066)
(Loss)/profit attributable to members of the parent entity	Down	185.1%	to	**(60,215)**	**70,732**

Dividends (distributions)		Amount per security	Franked amount per security
Final dividend	– 2020	– ¢	– ¢
Interim dividend	– Current year	– ¢	– ¢
	– Previous corresponding period	21 ¢	21 ¢

Record date for determining entitlements to the dividend	Not applicable
Date of interim dividend payment	Not applicable

Explanation of Revenue
See attached annexure and the Directors' Report.

Restatement of financial statements
The Group has applied various changes to accounting policies, which has impacted both the opening position of its financial statements and the performance and position of previous reporting periods. See attached interim consolidated financial report for more information.

Explanation of Profit from Ordinary Activities after Tax
See attached annexure and the Directors' Report.

Explanation of Net Loss/Profit
See attached interim consolidated financial report.

Explanation of Dividends
See attached interim consolidated financial report.

Net Tangible Asset Backing

	December 2020	Restated December 2019*
Net tangible asset backing per share	$4.73	$6.11

* The Group has applied various changes to accounting policies, which has impacted the statement of financial position as at 31 December 2019, resulting in a restatement of the previously reported net tangible asset backing per share as at that date. See attached interim consolidated financial report for more information.

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.

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 2020

A summary of the normalised result is outlined below:

	31 December 2020					Restated[1] 31 December 2019				
CONSOLIDATED GROUP RESULT	Normalised EBITDA[2] $'000	Depreciation and amortisation[3] $'000	Normalised result[4] $'000	Impact of AASB16 $'000	Reconciliation to reported net profit $'000	Normalised EBITDA[2] $'000	Depreciation and amortisation[3] $'000	Normalised result[4] $'000	Impact of AASB16 $'000	Reconciliation to reported net profit $'000
Entertainment										
Australia and New Zealand	(23,291)	(16,765)	(40,056)	8,086	(31,970)	46,588	(16,822)	29,766	9,501	39,267
Germany	(42,068)	(4,817)	(46,885)	(440)	(47,325)	21,761	(5,476)	16,285	432	16,717
Hospitality and Leisure										
Hotels and Resorts	11,349	(14,416)	(3,067)	582	(2,485)	49,087	(14,249)	34,838	546	35,384
Thredbo Alpine Resort	23,842	(4,234)	19,608	—	19,608	28,633	(3,542)	25,091	—	25,091
Property and Other Investments	5,121	(1,492)	3,629	—	3,629	8,119	(1,641)	6,478	—	6,478
Unallocated revenues and expenses	(6,013)	(302)	(6,315)	—	(6,315)	(10,154)	—	(10,154)	—	(10,154)
	(31,060)	**(42,026)**	**(73,086)**	**8,228**	**(64,858)**	**144,034**	**(41,730)**	**102,304**	**10,479**	**112,783**
Net finance costs			(8,688)	(11,910)	(20,598)			(4,247)	(12,267)	(16,514)
			(81,774)	**(3,682)**	**(85,456)**			**98,057**	**(1,788)**	**96,269**
Income tax credit/(expense)			21,463	920	22,383			(29,039)	536	(28,503)
Profit before individually significant items			**(60,311)**	**(2,762)**	**(63,073)**			**69,018**	**(1,252)**	**67,766**
Individually significant items – net of tax					2,858					2,966
Reported net (loss)/profit					**(60,215)**					**70,732**

1. The comparative information has been restated as a result of changes in accounting policy (as outlined in note 2 to the interim consolidated financial report).
2. Normalised EBITDA is the normalised result (see below) for the period before depreciation and amortisation and excluding the impact of AASB 16 *Leases*.
3. Depreciation and amortisation excludes the impact of AASB 16 *Leases*.
4. Normalised result is profit for the period from continuing operations before individually significant items (as outlined in note 5 to the interim consolidated financial report) and excluding the impact of AASB 16 *Leases*. As outlined in Note 3 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.

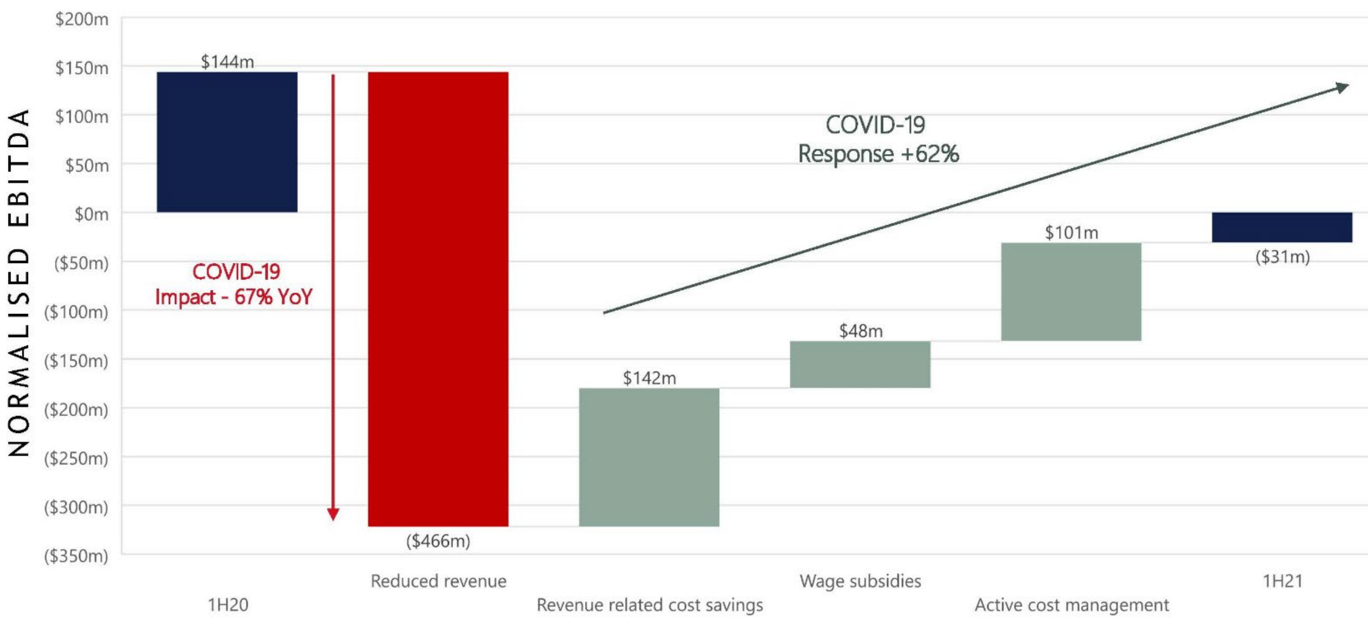
The first half result was materially impacted by the continued and unprecedented global COVID-19 pandemic resulting in Government mandated trading restrictions and closures. The pandemic has continued to prevent normalised trading across the hotels, hospitality, cinemas and ski resort industry globally. However, whilst the German market was impacted by the COVID-19 second wave across Europe and subsequent closure, the Australian and New Zealand markets performed relatively better than many global markets.

- Only around 56% of global cinemas were open, forcing studios to delay blockbuster releases resulting in global box office down 73% in the half year on the prior comparative period. The German market outperformed the UK market, and the Australia and New Zealand markets performed better than many global markets.
- International border closures and the 'start stop' impact of interstate border closures disrupted travel resulting in a fall in occupancy in key hotel markets. Event Hotels performed well relative to competitor sets.
- The COVID-19 restrictions for Thredbo reduced capacity materially by up to 50%, but the success of strategic initiatives resulted in EBITDA down only 16.7%.

As a result, Group revenue excluding the benefit of government subsidies was down $466 million or 67% on the prior comparative period, however, the Group's active cost management mitigated the normalised EBITDA loss to $31,060,000. This result excludes the benefit of around $13 million of rent abatements agreed to date in relation to the period from April to December 2020 that were negotiated but are yet to be formally documented and therefore have not been included in the result for this reporting period.

Swift action was taken by management in the development of new COVID-safe and viable operating strategies to mitigate the revenue decline. Business transformation initiatives underpinned by active cost management strategies have substantially reduced the Group's normalised EBITDA loss from around $20 million per month in the March to June COVID period to, an average of $5 million per month, representing a 73% improvement. The strategies designed and deployed have reduced costs by $155 million, excluding Government subsidies, over the period from March to December 2020, and are expected to deliver longer term benefits with improved margins post the pandemic.

Analysing the COVID-19 impact on normalised EBITDA in the half year ended 31 December 2020



1. Normalised EBITDA is profit before depreciation, amortisation, the impact of AASB 16 Leases, interest, tax and individually significant items. Normalised EBITDA is an unaudited non-International Financial Reporting Standards ("IFRS") measure.
2. Reduced revenue is before wage subsidies (presented separately).
3. Revenue related cost savings include film hire and cost of goods sold.
4. Wage subsidies include JobKeeper in Australia, the Wage Subsidy in New Zealand, and Short-Time Pay in Germany. Approximately half of all Government subsidies received in the half year represent a pass-through to employees that were not working during the period.
5. Active cost management represents all other cost savings in the half year other than revenue related cost savings identified separately above.

The normalised loss before interest, the net impact of AASB 16 Leases, and income tax expense was $73,086,000 (2019: profit of $102,304,000) and the normalised loss after tax was $60,311,000 (2019: $69,018,000). Overall, in the first half the COVID-19 pandemic resulted in a reported net loss after income tax of $60,215,000 (2019: profit of $70,732,000).

The Group continues to make strong progress on future growth initiatives including:

- The Cinema of the Future strategy continues to deliver, with significant uplifts in spend per customer in the half year, and the Cinebuzz on Demand trial has been recently launched leveraging the 2.5 million movie fan database.
- The Hotels and Resorts division is on track to achieve a record year of hotel network expansion, with the new 'Independent Collection' brand launched as a platform for further growth.
- Thredbo has made strong progress with its growth strategy, with 2020-21 summer mountain biking delivering record revenue and visitation and a positive EBITDA for the first time in January.
- The Group remains confident in value growth from development of its core property portfolio, including the major property developments at 458-472 George Street and 525 George Street in Sydney. Significant progress has been made with these in the past 12 months, with the Development Application for the podium component of the 458-472 George Street development approved in November 2020, and the Stage One Development Application for the 525 George Street development approved in May 2020.
- A strategic divestment of non-core properties has commenced to unlock value in the Group's property portfolio, with a target to realise proceeds of $250 million before tax within two years.

The Group's balance sheet remains strong; despite a total revenue decline of $809 million (excluding government subsidies) from March to December 2020, the Group's swift response and active cost management initiatives have resulted in net debt at 31 December 2020 of $452 million, up only 9.9% on 30 June 2020. The Group has debt facilities totalling $750 million, with the majority maturing in 2023, and the Board has confidence in the Group's ability to manage through the current pandemic trajectory.

Whilst COVID-19 uncertainty remains, the Group is optimistic about recovery as soon as the relative governments' vaccination programmes are well progressed. The Group is currently targeting an improved second half result for the Entertainment and Hotels and Resorts division, whilst Thredbo, which generates substantially all its profit in the first half, is expected to deliver a second half result favourable to the prior comparative period. The reopening of the German cinema market is expected by May 2021.

Based on current information, the Group expects a recovery of its Entertainment and Thredbo divisions in 2021/22 and of its Hotels and Resorts division in 2022/23. Subject to trading conditions, dividends are expected to resume from the 2022 financial year.

Individually significant items

Individually significant items comprised the following:

	31 Dec 2020 $'000	Restated 31 Dec 2019 $'000
Profit on sale of a property	7,387	—
Reversal of impairment charges booked in previous years	3,747	2,219
Transaction and other costs associated with the sale of a business segment	(4,506)	(1,497)
Other expenses (net of income items)	(2,945)	(193)
Individually significant items benefit before income tax	3,683	529
Income tax (expense)/benefit	(825)	2,437
Individually significant items benefit after income tax	2,858	2,966

Capital structure and net debt

Cash and term deposits at 31 December 2020 totalled $81,306,000 and total bank debt outstanding was $533,640,000. The Group's net debt position at 31 December 2020 was $452,334,000 (30 June 2020: $411,706,000).

Liquidity and funding

As at 31 December 2020, the Group's secured bank debt facilities comprise the following:

- $650,000,000 revolving multi-currency loan facility maturing on 3 July 2023;
- $100,000,000 non-revolving loan facility maturing on 3 January 2022; and
- $2,500,000 credit support facility (for the issue of letters of credit and bank guarantees).

The above facilities are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.75% and 4.35% per annum.

REVIEW OF OPERATIONS

Entertainment Group

The global cinema industry continues to be materially impacted by the COVID-19 pandemic with government mandated closures in key global markets including USA, UK, and the markets in which the Group operates. The direct impact was a material reduction in the number of cinemas open globally. As blockbuster films are typically released on a simultaneous worldwide "day and date" basis, the material closures resulted in major studios delaying blockbuster films dated for this period to May 2021 and beyond.

Global box office excluding China and Japan was down 87.1% in the half year ended 31 December 2020. In comparison, Asia Pacific markets including China (-42.3%) Japan (-26.8%), Australia (-75.7%) and New Zealand (-66.3%), whilst materially down on prior year period, outperformed many other major markets. In Japan, a local film *Demon Slayer* was released in October 2020 and due to consumer interest in the film and pent-up customer demand for the cinema experience, achieved a record box office performance and is now Japan's highest grossing title of all time. In China, a record Lunar New Year box office weekend earlier this month included the record-breaking opening of *Detective Chinatown 3*, which grossed an estimated

US$400 million in China in its opening three days of release. In Europe, in contrast, German market box office was down 83.8% in the half year, whilst UK market box office was down 91.0%, with second wave COVID-19 lockdowns resulting in cinema closures in November 2020.

Entertainment Australia

Australian Box Office decreased by 75.7% on the prior year comparative period due to key Hollywood blockbuster titles being delayed as a result of the adverse impact of COVID-19 in North America and Europe. During the period there was only one title that grossed over $15 million at the Australian Box Office: *Tenet* ($15.9 million); compared to 10 titles in the prior comparable period. The absence of blockbuster content resulted in the top 10 films grossing $70.3 million, a decrease of 77.1% on the collective gross of the top ten titles in the equivalent period in the prior year comparative period.

The Group's Entertainment Australia revenue for the half year was $87.9 million, a 60.6% decrease on the prior comparable period. The period was disrupted by the various State mandated closures and COVID-19 operating restrictions, typically around 50% capacity. During the half year the Victorian cinemas were closed from July before reopening in early November with an initial capacity limit of 20 customers per auditorium which significantly impacted the revenue from the Village managed joint venture circuit. COVID related shutdowns in Adelaide (November 2020), Brisbane (January 2021), Perth (February 2021) and Victoria (February 2021) have temporarily disrupted cinema admissions in those locations.

Customer interest and confidence in returning to cinemas remains high, with all customer segments returning to the cinemas in a pre-COVID manner. The pre-release booking demand for *Wonder Woman 1984* was up 104% on the original *Wonder Woman* released in 2017, indicating the pent-up demand from customers to watch a blockbuster at the cinema. The strong reviews for the Australian films *Penguin Bloom* and *The Dry* resulted in these titles being the top two films at the end of January 2021; the first time two Australian titles have taken the top two positions at the Australian box office over the holiday period. *The Dry* is currently tracking as one of the top five Australian films of the last ten years.

During the half year, the Group conducted one of the largest study of movie fans during this period, with 92% wanting to return to the cinema as soon as there is something to see. This research was recently updated in February and highlighted that 91% of customers would return as soon as there is something to see, 95% believe going to the cinemas is safe, and 96% are satisfied with cinema social distancing measures. The blockbuster titles delayed by the major Hollywood studios are expected to satisfy this pent-up demand once they are released.

Customers spent more per visit during this period. Premium concepts were strongly favoured by customers, reflected in the admission contribution from premium concepts increasing by 4.2 percentage points.

In addition, a period of record merchandising spend per head was achieved resulting in the top six months of all time and overall merchandising spend per head grew by 22.0% over the prior period. The record period of merchandising spend per head growth was achieved as a result of the rollout of new merchandising layouts, the continued growth of the owned brand Parlour Lane and eCommerce enhancements resulting in strong growth in online sales continued. The percentage of admissions purchased online increased by 7.9 percentage points.

The Group's direct customer relationships remain exceptionally strong with Cinebuzz representing more than 75% of cinema visits and more than 87% of online transactions.

Recognised COVID-19 safety plans were developed, implemented and endorsed by infectious disease experts. A new variable operating model was designed to offset the cost of COVID-19 safety plan operation and better reflect trading patterns. This has resulted in a strong improvement in customer satisfaction evidenced by improved net promoter scores, up nine points across the circuit, at a reduced cost to serve. In addition, flexible work arrangements were introduced for required roles, the review and, where appropriate, restructure of head office functions continued.

Negotiations with landlords continue in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase. Rental abatements are not recognised until formal legal agreements have been signed, with the majority expected to be recognised in the second half subject to finalisation of appropriate legal agreements with landlords.

The active cost mitigation plans implemented by the Group resulted in the monthly average EBITDA loss for the six months improving by 55.3% to $3.1 million per month (including the rent abatements booked in the half year) when compared with the monthly average EBITDA loss of $6.9 million in the COVID-19 period in the last financial year. Strong active cost management strategies achieved $37.3 million of savings during the half year period.

During the period the Group refurbished the five screen Toowoomba Grand complex. In line with the strategy of fewer and better locations with targeted investment in premium concepts, a new Vmax auditorium added to the existing complex which consisted of the new three-seat concept format of daybeds, reclining seats and premium fixed back seating delivering growth in key metrics.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in portfolio, the Group closed the Townsville City cinema (5 screens) and Adelaide City cinema (5 screens) in July 2020, and exited the lease at Arndale (8 screens).

Entertainment New Zealand

New Zealand nationwide box office decreased by 66.3% over the prior comparable period. The five highest grossing titles achieved a combined total of NZ$9.9 million, a decrease of 70.1% on the top five grossing titles in the prior comparable half year. The absence of blockbuster content resulted in the top 10 films grossing $15.0 million, a decrease of 71.3% on the collective gross of the top ten titles in the equivalent prior year period. Pleasingly, local New Zealand film content contributed 11.1% of the total box office for the period, up from 2.3% in the comparable period.

Entertainment New Zealand revenue was $17.0 million or 65.5% below the prior comparable period. Cinemas remained open with the exception of the Government mandated closure of the Auckland cinemas for an 18-day period in August when the city went into level three COVID-19 restrictions. Cinemas across the country were impacted by capacity restrictions from mid-August to early October. Despite the relaxation of COVID-19 restrictions in New Zealand, box office revenue continued to be impacted by studio decisions to delay the release of blockbuster films globally until key USA and European markets can reopen.

Similar to the Australian market, customers continued to prefer the Group's premium seating options, with the proportion of admissions choosing these options increasing by 8.3 percentage points over the prior comparable period. In addition, a record period of merchandising spend per head was achieved up 16.3%. Cinebuzz maintained its strong influence with Cinebuzz representing approximately 81% of all online transactions.

The Net Promoter Score for Entertainment New Zealand showed a strong improvement from 43 to 50, resulting in an improved customer experience at a lower cost to serve.

During the half year the Group continued the cost mitigation plans which were implemented in March 2020. The cost mitigation plans resulted in the monthly average EBITDA loss for the six months improving by 59.0% to $0.8 million per month when compared with the monthly average EBITDA loss in the COVID-19 period in the last financial year of $1.9 million per month. Strong active cost management resulted in savings of $6.5 million during this period.

Negotiations with landlords continue in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase. Rental abatements are not recognised until formal legal agreements have been signed, with the majority expected to be recognised in the second half subject to finalisation of appropriate legal agreements with landlords. EBITDA for the half year was a loss of $4,734,000, including the benefit of rent abatements booked in the half year.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in the portfolio, the Group closed the four-screen Mount Maunganui cinema in July 2020.

Entertainment Germany

The German market performed well relative to other major European markets, with market box office in the half year down 83.8% in comparison with the UK and Ireland market down 91.0%. The relatively stronger performance of the German market was assisted by the contribution of local German film content.

Entertainment Germany revenue was $32.0 million, 81.9% below the prior comparable half year due to the impact of COVID-19. In the period that cinemas re-opened nationwide box office recovered to only 53% down on prior year for the month of September 2020. As a result of the German government directive to close cinemas in response to a second wave of COVID-19 in Europe, all cinemas were closed in November and December 2020. Normalised PBIT from Entertainment Germany was a loss of €28,689,000 (A$46,885,000) and, on a local currency basis, performed relatively in line with Australia, after adjusting for government subsidies.

Given the market closure, even less films were able to be released in Germany. The highest grossing titles within the German market included: *Tenet* (1.6 million admissions); *After Truth* (0.9 million admissions) and *Jim Knopf und die Wilde 13* (0.7 million admissions). The top ten films achieved total market admissions of 5.1 million, 84.5% below the admissions achieved by the top ten films in the prior comparable half year when the market was open.

The Group successfully applied the German Government's short-time work scheme to assist in managing payroll costs during the closure period. Further government subsidies to support business during the period of closures are in progress and not reflected in the result for the half year.

Consistent with Australia and New Zealand, negotiations with landlords continue in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase. Rental abatements are not recognised until formal legal agreements have been signed, with the majority expected to be recognised in the second half subject to finalisation of appropriate legal agreements with landlords.

The sale of CineStar to Vue International Bidco plc was prohibited by the German Federal Cartel Office (FCO) in December 2020 as a result of Vue's failure to satisfy the FCO's condition for the transaction. The Group is considering all of its legal options in relation to Vue's breach of the sale and purchase agreement.

Hotels and Resorts

The COVID-19 government-mandated border closures and start-stop interstate travel restrictions continued to impact the Group's Hotels and Resorts in the half year, with revenue of $86.6 million, a decrease of 51.1% on the prior comparable half year.

Whilst trading conditions remain challenging, the Australian and New Zealand hotel markets have begun to recover more quickly than many overseas markets. The Group has performed well relative to its competitors, with occupancy in the Group's Australian hotels showing steady growth over the period and reaching 50% at the beginning of December before the impact of further border restrictions, and New Zealand hotel occupancy rebounding quickly and exceeding 60% overall for the half year.

Measures taken by governments across Australia and New Zealand to contain the spread of COVID-19 continued to severely impact revenues from the Corporate, Crew and Conference markets – the traditional profit drivers of the hotel industry. Losses from these segments were partially offset by a surge in domestic leisure traffic, albeit interrupted by Government border closures and re-opening at various times throughout this period. In particular, the Group's Melbourne hotels were materially impacted by the Victorian lockdown from July to October 2020, and the December 2020 New South Wales and Victorian clusters and related border closures dampened what had been strong demand for leisure travel over the Christmas and New Year period in CBD locations. Strong leisure demand was particularly evident in regional locations, while the full potential of this market for city hotels was shackled by ad hoc border closures and trading restrictions.

Government imposed trading restrictions acutely impacted the performance of hotels located in the major eastern state capitals, whilst performance in other locations was comparatively stronger. A total of 12 of the 71 hotels in the portfolio posted profit result increases over the prior comparable period.

The Group's domestic market advantage, grounded by well established brands, a powerful local loyalty platform and strong promotional activity unpinned the early stages of a recovery. This is evidenced by the material upward movements in revenue per available room (revpar) and profitability over the initial COVID-19-impacted period, with revpar in the Group's owned hotels up 22.2% in the half year when compared to the March to June 2020 period. Commission costs, expressed as a percentage of accommodation revenue reduced over the prior comparable period, with direct business holding an increased portion of the Group's market mix.

New and improved operational structures resulted in active cost management savings of $24.2 million. The hotel division was

EBITDA positive in every month of the half year period, despite material COVID-19 headwinds.

For the half year, EBITDA was $11,349,000 and normalised loss before interest and income tax expense was $3,067,000.

Despite the COVID-19 headwinds, the Group is on track to achieve record portfolio growth with five new hotels added to the portfolio in the half year, including Rydges Gold Coast Airport, QT Auckland, Rydges Formosa Gold Resort, Oval Adelaide and Tank Stream Sydney.

The Group also launched a pivotal new strategic growth brand 'The Independent Collection by Event'. The new brand recognises the opportunity to maximise the Group's local market leading expertise and meet the emerging needs of independent hotel owners. Under this brand, hotel owners have the opportunity to leverage a myriad of expertise and maximise the competitive strength of local centres of excellence with the flexibility of retaining their own brand. The Group now has an offer that meets various types of owners needs in order to expand. Various tiers to reflect the different hotel types has been carefully designed. The Independent Collection by Event has launched with the following hotels: LUXE: The Oval Hotel; STYLE: The Ultimo; CLASSIC: The Victoria Hotel, The Tank Stream and Yarra Valley Lodge; and COMFORT: Pensione Hotel.

The refurbishment of Rydges Canberra (previously Rydges Capital Hill) was completed in September 2020 and the hotel has received very positive feedback from guests since reopening.

Consistent with the Group's strategy of divesting underperforming assets, the sale of the Reef Plaza Cairns (formerly Rydges Plaza Cairns) was agreed in December 2020 with settlement expected in April 2021.

Thredbo Alpine Resort

The half year result for Thredbo reflects the success of the COVID-19 business strategy generating a strong return from the 2020 snow season despite material COVID-19 capacity restrictions and less than favourable snow conditions. In addition, a very promising start to the 2020-21 summer mountain biking and hiking season resulted in record visitation and mountain biking revenue, with a positive EBITDA and PBIT delivered for the peak summer period to the end of January for the first time.

With Government mandated restrained capacity, a new strategic direction was developed that focussed on an improved customer experience to protect revenue and grow profitability. The strong response by management in developing industry leading COVID-19 practices and defining a new operating model enabled Thredbo to achieve approval to open for the season from relevant authorities.

COVID-19 related government mandated restrictions resulted in a later start to the 2020 snow season. Furthermore, capacity restrictions were imposed that permitted only up to 50% of pre-COVID capacity, no Thredboland kids program, and strict limitations on group lesson products. However, despite the material reduction in capacity, revenue was $50.9 million, only 19.6% below the prior comparable half year. Whilst skier visits decreased 48.7% due to COVID-19 capacity restrictions, effective new product strategies offset this impact resulting in a 66.2% yield improvement.

Revenue from summer operations continues its strong growth trend driven mainly by mountain biking visitation with a record

103.1% increase in mountain biking revenue in November and December 2020.

EBITDA was $23,842,000, 16.7% below the prior comparable half year, and the normalised profit before income tax expense was $19,608,000, 21.9% below the prior comparable half year result. This was an incredible result in the context of the COVID-19 capacity restrictions outlined above.

Strong progress was achieved against the Thredbo strategic growth plan that focussed on increasing capacity and improving the Thredbo year-round experience. Construction of the new Merritts Gondola was finalised prior to winter 2020 and delivered above expectations both operationally and commercially. Improvements have been made to widen and enable snow making on the Dream Run slope and the building of 75 new car parking spaces at Friday Flat was completed prior to winter 2020. New food and beverage concepts were implemented to meet customer demand and COVID-19 requirements. A new medical centre was setup within the leisure centre prior to the 2020 snow season and the expansion of mountain biking trails continues with the new Easy Rider beginner trail planned for completion this summer.

Property and Other Investments

The normalised profit before interest and income tax expense was $3,959,000 and $2,519,000 below the prior comparable half year. The result included a fair value increment of $250,000 compared to a $1,293,000 increment in the prior year.

Rental revenue was below the prior year due to COVID-19 related rent relief provided to tenants, and in addition the normalised result includes a provision for rental income receivable that is not expected to be recovered from tenants impacted by COVID-19.

Whilst there have been limited hotel transactions since March 2020, recent updated valuations for a small number of the Group's properties suggest a decline in value in hotels in the range of 10-15%. Valuations for the majority of the Group's hotel properties will be updated during 2021 and a summary of these valuations will be disclosed once the valuation process has been concluded.

The Group has continued to make strong progress with the two major development projects at 525 George Street and 458-472 George Street, Sydney. A key milestone was achieved with the approval in May 2020 by the City of Sydney of the Stage One Development Application for the proposed 525 George Street, Sydney development for a mixed use development of up to 43 storeys to include a podium with ground floor retail space on George Street, a five screen cinema complex, and a tower including a new hotel, conference centre, and residential apartments. Subject to market conditions, this development is expected to take up to five years to complete.

In relation to the proposed development of 458-472 George Street, in November the City of Sydney approved the Development Application for the podium component of the proposed 458-472 George Street, Sydney development. This will include ground floor retail space (340m^2) on George Street, an extension of the QT Sydney hotel with 72 additional rooms and conference centre and QT rooftop bar. A second Development Application will be lodged for a commercial officer tower above the podium. Subject to market conditions, this development is expected to take up to six years to complete. It is anticipated that a joint venture partner will be identified to assist in funding and developing the commercial office tower component.

The Group expects the value of the 458-472 George Street and 525 George Street properties to grow as Development Applications are approved for the proposed developments.

The Group has identified non-core properties for divestment with a target to realise $250 million proceeds before tax within two years. As part of the Group's non-core property divestment strategy, in December 2020 the Group agreed the sale of the property located at 201-203 Port Hacking Road, Miranda, for $7.8 million. The property was last independently valued at $5.25 million at 30 June 2018.

Unallocated revenues and expenses

The unallocated revenues and expenses, which include the Group's corporate functions and various head office expenses, were 38.3% below the prior comparable half year. The favourable variance was driven by cost reduction measures, including measures taken in response to COVID-19, voluntary director fee and CEO and executive salary reductions in response to COVID-19, and adjustments in relation to the Group's incentive plans, partially offset by an increase in insurance premiums of $1,007,000. The voluntary director fee and CEO and senior executive salary reductions have been extended to 30 June 2021.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED
INTERIM CONSOLIDATED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Contents

DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial report for the half year ended 31 December 2020 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
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.

Significant changes in the state of affairs
COVID-19 has had, and continues to have, a material impact on the Group's operating divisions, including the various government-mandated temporary closures of the Group's cinemas in Australia, New Zealand and Germany. Further impact regarding the impact of COVID-19 on the Group is set out within the Operating and Financial Review.

In addition, on 15 December 2020, the Group announced that the sale of its Germany cinema operation was deemed a prohibited transaction by the Federal Cartel Office of the German government. As a result, Entertainment Germany has been reclassified from discontinued operations to continuing operations. Further detailed information is provided within the note 2 of the interim consolidated financial report.

Dividend
Due to the impact of the COVID-19 pandemic on the recent financial performance and near-term outlook, no distribution was declared for the half year ended 31 December 2020.

Impact of legislation and other external requirements
A number of statutory requirements have been introduced in Australia, New Zealand and Germany by relevant authorities in response to COVID-19. Where applicable, these requirements have been satisfied by the Group in each territory.

Safety and wellbeing remain the Group's highest priority. Detailed COVID-19 safety plans and staff training programs have been developed for each of the Group's operating divisions. In addition, to ensure these plans are consistent with best practice, in Australia advice was also sought from infectious disease experts and has been implemented.

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the half year ended 31 December 2020.

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 18th day of February 2021.

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 2020 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

Cameron Slapp
Partner

Sydney
18 February 2021

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 Dec 2020 $'000	Restated* 30 June 2020 $'000	Restated* 31 Dec 2019 $'000
ASSETS				
Current assets				
Cash and cash equivalents		81,306	76,594	118,512
Trade and other receivables		51,694	56,023	76,725
Current tax receivables		41,717	3,944	3,864
Inventories		18,981	21,143	24,279
Prepayments and other current assets		11,609	8,768	11,904
Assets classified as held for sale		9,652	–	–
Total current assets		214,959	166,472	235,284
Non-current assets				
Trade and other receivables		651	543	1,543
Other financial assets		1,086	1,086	1,086
Other investments		78	78	78
Investments accounted for using the equity method	13	16,392	18,299	14,977
Property, plant and equipment	8	1,297,076	1,335,508	1,383,411
Right-of-use assets	14	814,744	848,798	846,902
Investment properties		74,800	74,550	77,500
Goodwill and other intangible assets	9	100,325	99,146	98,147
Deferred tax assets		36,126	61,706	45,038
Other non-current assets		22,782	24,281	2,082
Total non-current assets		2,364,060	2,463,995	2,470,764
Total assets		2,579,019	2,630,467	2,706,048
LIABILITIES				
Current liabilities				
Trade and other payables		123,144	109,493	115,684
Loans and borrowings	10	1,063	489,121	405,599
Current tax liabilities		–	1,072	25
Provisions		18,769	18,969	21,575
Deferred revenue		94,160	100,447	92,417
Lease liabilities	14	129,303	134,610	131,656
Other current liabilities		4,019	4,429	5,183
Total current liabilities		370,458	858,141	772,139
Non-current liabilities				
Loans and borrowings	10	531,430	1,804	1,550
Deferred tax liabilities		–	7,690	11,177
Provisions		18,833	19,082	16,607
Deferred revenue		12,909	12,712	12,670
Lease liabilities	14	778,368	802,453	802,873
Other non-current liabilities		4,991	5,149	5,688
Total non-current liabilities		1,346,531	848,890	850,565
Total liabilities		1,716,989	1,707,031	1,622,704
Net assets		862,030	923,436	1,083,344
EQUITY				
Share capital	11	219,126	219,126	219,126
Reserves	12	71,915	73,106	71,444
Retained earnings		570,989	631,204	792,774
Total equity		862,030	923,436	1,083,344

** The comparative information has been restated as a result of changes in accounting policy as outlined in note 2.*

The Statement of Financial Position should be read in conjunction with the accompanying notes.

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 $'000	Restated* 31 Dec 2019 $'000
Revenue and other income			
Revenue from sale of goods and rendering of services	4	221,471	681,358
Other revenue and income	4	72,608	21,806
		294,079	703,164
Expenses			
Employee expenses		(119,215)	(175,903)
Film hire and other film expenses		(22,315)	(122,409)
Occupancy expenses		(51,028)	(76,493)
Amortisation, depreciation and impairments		(97,136)	(99,189)
Purchases and other direct expenses		(24,337)	(60,213)
Other operating expenses		(32,882)	(37,841)
Advertising, commissions and marketing expenses		(6,536)	(18,780)
Finance costs		(20,675)	(16,692)
		(374,124)	(607,520)
Equity accounted (loss)/profit			
Net (loss)/profit of equity accounted associates and joint ventures	13	(1,728)	1,154
(Loss)/profit before tax		(81,773)	96,798
Tax credit/(expense)	7	21,558	(26,066)
Net (loss)/profit after tax		(60,215)	70,732

	31 Dec 2020 Cents	Restated* 31 Dec 2019 Cents
Earnings per share		
Basic earnings per share	(37.4)	43.9
Diluted earnings per share	(37.4)	43.7

** The 2019 comparative information has been restated as a result of changes in accounting policy as outlined within note 2.*

The Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 $'000	Restated* 31 Dec 2019 $'000
Net (loss)/profit after tax	(60,215)	70,732
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	(2,762)	(1,680)
Net change in fair value of cash flow hedges – net of tax	–	11
Other comprehensive loss for the period – net of tax	(2,762)	(1,669)
Total comprehensive (loss)/income	(62,977)	69,063

** The comparative information has been restated as a result of changes in accounting policy as discussed in note 2.*

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2020 – restated*	219,126	73,106	631,204	923,436
Loss for the period	–	–	(60,215)	(60,215)
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	(2,762)	–	(2,762)
Total other comprehensive loss recognised directly in equity	–	(2,762)	–	(2,762)
Total comprehensive loss for the period	–	(2,762)	(60,215)	(62,977)
Employee share-based payments expense – net of tax	–	1,571	–	1,571
Balance at 31 December 2020	219,126	71,915	570,989	862,030
Balance at 1 July 2019 – restated	219,126	73,945	832,071	1,125,142
Adjustment on initial application of AASB 16 – net of tax*	–	–	(60,058)	(60,058)
Restated balance at 1 July 2019	219,126	73,945	772,013	1,065,084
Profit for the period*	–	–	70,732	70,732
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax*	–	(1,680)	–	(1,680)
Net change in fair value of cash flow hedging instruments – net of tax	–	11	–	11
Total other comprehensive loss recognised directly in equity	–	(1,669)	–	(1,669)
Total comprehensive (loss)/income for the period	–	(1,669)	70,732	69,063
Employee share–based payments expense – net of tax	–	(832)	–	(832)
Dividends paid	–	–	(49,971)	(49,971)
Balance at 31 December 2019 – restated*	219,126	71,444	792,774	1,083,344

** The comparative information has been restated as a result of changes in accounting policy as discussed in note 2.*

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 $'000	Restated* 31 Dec 2019 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	247,569	755,228
Cash payments in the course of operations	(276,207)	(558,707)
Cash provided by operations	(28,638)	196,521
Distributions from joint ventures	61	89
Other revenue	66,857	27,765
Dividends received	3	3
Interest received	77	178
Finance costs paid	(17,865)	(15,514)
Income tax paid	(420)	(45,805)
Net cash provided by operating activities	20,075	163,237
Cash flows from investing activities		
Payments for property, plant and equipment and redevelopment of properties	(10,621)	(63,443)
Finance costs paid in relation to qualifying assets	(1,824)	(1,712)
Payments for management rights, software and other intangible assets	(1,322)	(548)
Decrease in loans from other entities	(19)	(463)
Proceeds from disposal of property, plant and equipment	7,645	7,823
Net cash used by investing activities	(6,141)	(58,343)
Cash flows from financing activities		
Proceeds from borrowings	67,000	77,471
Repayment of borrowings	(22,000)	(50,000)
Transaction costs related to borrowings	(3,863)	–
Payment of lease liabilities	(49,639)	(56,759)
Dividends paid	–	(49,971)
Net cash used in financing activities	(8,502)	(79,259)
Net increase in cash and cash equivalents	5,432	25,635
Cash and cash equivalents at the beginning of the period	76,594	93,761
Effect of exchange rate fluctuations on cash held	(720)	(884)
Cash and cash equivalents at the end of the period	81,306	118,512

** The comparative information has been restated as a result of changes in accounting policy as discussed in note 2.*

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

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 2020 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 18 February 2021.

Statement of compliance and basis of preparation
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 2020. 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 2016/191* 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.

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 consistent to those that applied to the consolidated financial report as at and for the year ended 30 June 2020, other than for the impacts of COVID-19 which continue to evolve, as set out below.

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 2020.

Going Concern and COVID-19
Global coronavirus pandemic ("COVID-19")
During March 2020 the World Health Organisation declared a global pandemic in relation to COVID-19. Within the geographic locations where the Group has operations, governments responded to COVID-19 by introducing a number of COVID-19 measures, including restrictions on business activity and societal interaction. The effects of these measures on the Group has been significant and, as a result, COVID-19 has resulted in impacts to key estimates and judgements used in these financial statements, including:
- Impairment;
- Provision for expected credit losses;
- Revaluations of investment properties; and
- Valuations of property plant and equipment.

Going concern basis of accounting
COVID-19 has had, and continues to have, a material impact on the Group's operational divisions, including:
- Various government-mandated temporary closure of the Group's cinemas in Australia, New Zealand and Germany;
- Delay in, or full or partial cancellation of, the Hollywood film release schedule;
- Reduction in hotel visitation due to international and domestic travel restrictions and lock-downs;
- Implementation of social distancing and other visitation impacts for the Thredbo resort, as well as a delayed start to the winter season; and
- Reduction in rental income as a result of rental stress by tenants and relief provided in accordance with the Mandatory Code of Conduct.

In addition, the Group has reported a net current asset deficiency of $155.5 million. This deficiency is predominately a consequence of the recognition of current lease liabilities (under AASB 16 *Leases*) totalling $129.3 million. Current lease and other liabilities are expected to be supported by future operating cash flows and available liquidity from undrawn debt facilities of $216.4 million.

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has incurred significant and material reductions in revenue and, to maintain an appropriate level of current and future liquidity, has implemented certain initiatives to ensure the viability of the Group for the current and longer term. The actions included:

- Implementation of operational and corporate cost saving initiatives to ensure that the impact of COVID-19 on earnings was appropriately minimised and managed;
- Participation in government support initiatives;
- The Group's secured bank debt facilities were amended and restated on 3 July 2020 and increased to a total of $750 million (30 June 2020: $545 million) consisting of two tranches: $650 million, maturing on 3 July 2023, and $100 million maturing on 3 January 2022. The Group's bank debt facility is secured by specific mortgages against certain Group property assets and the value of the secured properties is estimated at approximately $1 billion. Undrawn debt facilities total $216.4 million at 31 December 2020. Further information regarding the bank debt facilities have been provided within note 10;
- Suspension of dividend payments. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance; and
- From a future financial and liquidity perspective, and in the context of the current challenging environment highlighted above, COVID-19 forecast updates are regularly undertaken across all of the Group's businesses.

The Group considers that, whilst COVID-19 will continue to create uncertainty for the short-term prospects of its operating businesses, the Group expects to maintain sufficient liquidity for the foreseeable future. In relation to the existing debt facilities, the Group and its banks have agreed in principle to covenant testing regime relief, by a combination of waiver or covenant calculation amendments, for the 30 June 2021 and 31 December 2021 covenant testing points respectively. In addition, certain covenants had previously been waived for the 31 December 2020 covenant testing point. Based on the Group's forward forecasts, current trading expectations and ongoing capital management plans, the financial report has been prepared on a going concern basis.

The Group also intends to divest non-core assets totalling approximately $250 million over the next two years. The Group's forecasts do not currently include the anticipated net proceeds of the non-core asset sales.

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 2020. 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 2021.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards, amendments thereof, and Interpretations effective for the current year that are relevant to the Group are:

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

This Standard amends AASB 3 Business Combinations. The Group has adopted the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
This Standard amends AASB 101 *Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors,* and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

AASB 2019-1 Amendments to Australian Accounting Standards – References to Conceptual Framework
The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

The amendments:

- Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for- profit entities that voluntarily elect to apply the new Conceptual Framework; and
- Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.

This Standard makes amendments to AASB *1054 Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
The amendments in AASB 2019-3 modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on- going interest rate benchmark reforms.

The amending standard does not materially impact the Group.

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

AASB 2020-4 Amendments to Australian Accounting Standards – C0VID-19 Related Rent Concessions

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all rent concessions that meet the conditions in AASB 16.46B.

The Group has benefited from abatement of lease payments relating to cinema premises during the period totalling $8,777,000 (30 June 2020: $607,000). The abatement of lease payments has been accounted for as a negative variable lease payment in the profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.1 of AASB 9 *Financial Instruments.*

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS

(a) Restatement of comparatives

The Group has applied various changes to accounting policies, which has impacted both the opening position of its financial statements and the performance and position of previous reporting periods. The details of the accounting policy adjustments have been outlined below:

Adjustment 1 Reclassification of discontinued operations to continuing operations	In December 2020, the Group announced that the sale of the Entertainment Germany segment as notified to the Federal Cartel Office ("FCO") had been deemed a prohibited transaction due to Vue's deliberate failure to satisfy the FCO conditions. As a result, the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation. The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018. Further information relating to the reclassification of discontinued operations to continuing operations are provided at Note 2.
Adjustment 2 Reinstatement of amortisation, depreciation and impairment charges for the Entertainment – Germany segment	Amortisation, depreciation and impairment charges relating to the Entertainment – Germany segment ceased in October 2018 when the segment was classified as an asset held-for sale. As a result of the FCO's determination (see Adjustment 1) the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation, with a retrospective restatement relating to amortisation, depreciation and impairments. The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018.
Adjustment 3 AASB 16 amortisation and depreciation charges for Entertainment Germany	Amortisation and depreciation charges relating to the Entertainment – Germany segment ceased in October 2018 when the segment was classified as an asset held-for sale. As a result of the FCO's determination (see Adjustment 1) the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation, with a retrospective restatement relating to AASB 16 Leases amortisation and depreciation applied retrospectively from 1 July 2019, being the Group's initial application date for AASB 16. The retrospective restatement adjustment is applicable for the financial statements issued for the reporting periods ended 31 December 2019 and 30 June 2020.
Adjustment 4 IFRIC Interpretations Committee Agenda Decision 4 ("Agenda Decision")	In November 2019, the IFRS Interpretations Committee issued the Agenda Decision clarifying the determination of the lease term for cancellable or renewable leases under AASB 16 *Leases* and whether the useful life of any non-removable leasehold improvements is limited to the lease term of the related lease. The financial statements for the half year ended 31 December 2019 were prepared prior to consideration of the impact of the Agenda Decision. The Group's subsequent application of the Agenda Decision resulted in certain changes to the Group's previously disclosed assessment of lease terms at 31 December 2019, which were then applied retrospectively to 1 July 2019, being the Group's initial application date for AASB 16. The retrospective restatement adjustment is applicable for the financial statements issued for the half year ending 31 December 2019. The Agenda Decision was reflected within the financial statements issued for the year ending 30 June 2020.

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

	30 June 2020 – Restated					31 Dec 2019 – Restated					
	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Restated $'000	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Adjustment 4 $'000	Restated $'000
ASSETS											
Current assets											
Cash and cash equivalents	67,062	9,532	–	–	76,594	72,531	45,981	–	–	–	118,512
Trade and other receivables	49,439	10,528	–	–	59,967	66,682	13,907	–	–	–	80,589
Inventories	18,573	2,570	–	–	21,143	20,929	3,350	–	–	–	24,279
Prepayments and other current assets	7,717	1,051	–	–	8,768	11,295	609	–	–	–	11,904
Assets held for sale	455,837	(455,837)	–	–	–	432,923	(432,923)	–	–	–	–
Total current assets	598,628	(432,156)	–	–	166,472	604,360	(369,076)	–	–	–	235,284
Non-current assets											
Trade and other receivables	543	–	–	–	543	1,543	–	–	–	–	1,543
Other financial assets	1,086	–	–	–	1,086	1,086	–	–	–	–	1,086
Other investments	78	–	–	–	78	78	–	–	–	–	78
Equity accounted investments	15,999	2,300	–	–	18,299	11,159	3,818	–	–	–	14,977
Property, plant and equipment	1,252,837	102,080	(19,409)	–	1,335,508	1,301,506	96,418	(14,513)	–	–	1,383,411
Right-of-use assets	604,448	298,877	(1,050)	(53,477)	848,798	558,049	262,482	–	(26,831)	53,202	846,902
Investment properties	74,550	–	–	–	74,550	77,500	–	–	–	–	77,500
Goodwill and other intangible assets	92,829	6,317	–	–	99,146	91,789	6,358	–	–	–	98,147
Deferred tax assets	58,636	–	–	3,070	61,706	37,251	–	–	–	7,787	45,038
Other non-current assets	1,699	22,582	–	–	24,281	2,082	–	–	–	–	2,082
Total non-current assets	2,102,705	432,156	(20,459)	(50,407)	2,463,995	2,082,043	369,076	(14,513)	(26,831)	60,989	2,470,764
Total assets	2,701,333	–	(20,459)	(50,407)	2,630,467	2,686,403	–	(14,513)	(26,831)	60,989	2,706,048

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

	30 June 2020 – Restated					31 Dec 2019 – Restated					
	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Restated $'000	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Adjustment 4 $'000	Restated $'000
LIABILITIES											
Current liabilities											
Trade and other payables	90,128	19,365	–	–	109,493	97,022	18,662	–	–	–	115,684
Loans and borrowings	488,300	821	–	–	489,121	404,583	1,016	–	–	–	405,599
Current tax liabilities	1,072	–	–	–	1,072	25	–	–	–	–	25
Provisions	17,362	1,607	–	–	18,969	20,949	626	–	–	–	21,575
Deferred revenue	78,474	21,973	–	–	100,447	65,387	27,030	–	–	–	92,417
Lease liabilities	86,322	48,288	–	–	134,610	75,964	49,267	–	–	6,425	131,656
Other current liabilities	4,429	–	–	–	4,429	5,183	–	–	–	–	5,183
Liabilities held for sale	320,601	(320,601)	–	–	–	305,022	(305,022)	–	–	–	–
Total current liabilities	1,086,688	(228,547)	–	–	858,141	974,135	(208,421)	–	–	6,425	772,139
Non-current liabilities											
Loans and borrowings	859	945	–	–	1,804	859	691	–	–	–	1,550
Deferred tax liabilities	9,094	17,707	(6,138)	(12,973)	7,690	10,509	10,249	(4,354)	(8,049)	2,822	11,177
Provisions	11,135	7,947	–	–	19,082	10,540	6,067	–	–	–	16,607
Deferred revenue	8,864	3,848	–	–	12,712	8,605	4,065	–	–	–	12,670
Lease liabilities	604,353	198,100	–	–	802,453	552,194	187,349	–	–	63,330	802,873
Other non-current liabilities	5,149	–	–	–	5,149	5,688	–	–	–	–	5,688
Total non-current liabilities	639,454	228,547	(6,138)	(12,973)	848,890	588,395	208,421	(4,354)	(8,049)	66,152	850,565
Total liabilities	1,726,142	–	(6,138)	(12,973)	1,707,031	1,562,530	–	(4,354)	(8,049)	72,577	1,622,704
Net assets	975,191	–	(14,321)	(37,434)	923,436	1,123,873	–	(10,159)	(18,782)	(11,588)	1,083,344
EQUITY											
Share capital	219,126	–	–	–	219,126	219,126	–	–	–	–	219,126
Reserves											
Opening reserves	73,945	–	–	–	73,945	73,945	–	–	–	–	73,945
Other comprehensive (expense)/income	702	–	–	192	894	(1,870)	–	–	–	201	(1,669)
Employee share-based payments – net of tax	(1,733)	–	–	–	(1,733)	(832)	–	–	–	–	(832)
Retained earnings											
Opening retained earnings	838,397	–	(6,326)	–	832,071	838,397	–	(6,326)	–	–	832,071
Adjustment on initial application of AASB 16 – net of tax	(60,058)	–	–	–	(60,058)	(48,559)	–	–	–	(11,499)	(60,058)
Profit after tax	(11,366)	–	(7,995)	(37,626)	(56,987)	93,637	–	(3,833)	(18,782)	(290)	70,732
Dividends paid	(83,822)	–	–	–	(83,822)	(49,971)	–	–	–	–	(49,971)
Total equity	975,191	–	(14,321)	(37,434)	923,436	1,123,873	–	(10,159)	(18,782)	(11,588)	1,083,344

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

	30 June 2020 – Restated					31 Dec 2019 – Restated					
	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Restated $'000	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Adjustment 4 $'000	Restated $'000
Revenue and other income											
Revenue from sale of goods and rendering of services	719,039	237,952	–	–	956,991	508,076	173,282	–	–	–	681,358
Other revenue and income	65,027	8,903	–	–	73,930	18,014	3,792	–	–	–	21,806
	784,066	246,855	–	–	1,030,921	526,090	177,074	–	–	–	703,164
Expenses											
Employee expenses	(253,527)	(56,878)	–	–	(310,405)	(143,541)	(32,362)	–	–	–	(175,903)
Film hire and other film expenses	(101,961)	(65,724)	–	–	(167,685)	(74,055)	(48,354)	–	–	–	(122,409)
Occupancy expenses	(80,038)	(53,220)	–	–	(133,258)	(44,062)	(32,518)	–	–	87	(76,493)
Amortisation, depreciation and impairments	(194,624)	–	(11,422)	(53,751)	(259,797)	(67,555)	–	(5,476)	(26,831)	673	(99,189)
Purchases and other direct expenses	(74,828)	(13,451)	–	–	(88,279)	(50,376)	(9,837)	–	–	–	(60,213)
Other operating expenses	(70,978)	(5,902)	–	–	(76,880)	(35,507)	(2,334)	–	–	–	(37,841)
Advertising, commissions and marketing expenses	(25,349)	(4,081)	–	–	(29,430)	(16,190)	(2,590)	–	–	–	(18,780)
Finance costs	(29,883)	(2,999)	–	–	(32,882)	(13,852)	(1,665)	–	–	(1,175)	(16,692)
	(831,188)	(202,255)	(11,422)	(53,751)	(1,098,616)	(445,138)	(129,660)	(5,476)	(26,831)	(415)	(607,520)
Equity accounted (loss)/profit											
Net (loss)/profit of equity accounted associates and joint ventures	(863)	116	–	–	(747)	114	1,040	–	–	–	1,154
(Loss)/profit before tax	(47,985)	44,716	(11,422)	(53,751)	(68,442)	81,066	48,454	(5,476)	(26,831)	(415)	96,798
Tax credit/(expense)	11,985	(20,082)	3,427	16,125	11,455	(21,968)	(13,915)	1,643	8,049	125	(26,066)
Net (loss)/profit after tax	(36,000)	24,634	(7,995)	(37,626)	(56,987)	59,098	34,539	(3,833)	(18,782)	(290)	70,732
Discontinued operations											
Profit after tax from discontinued operations	24,634	(24,634)	–	–	–	34,539	(34,539)	–	–	–	–
Profit for the period	**(11,366)**	**–**	**(7,995)**	**(37,626)**	**(56,987)**	**93,637**	**–**	**(3,833)**	**(18,782)**	**(290)**	**70,732**
Other comprehensive income											
Foreign currency translation differences – net of tax	691	–	–	192	883	(1,881)	–	–	–	201	(1,680)
Cash flow hedges – net of tax	11	–	–	–	11	11	–	–	–	–	11
Other comprehensive income – net of tax	**702**	–	–	**192**	**894**	**(1,870)**	–	–	–	201	(1,669)
Total comprehensive income	**(10,664)**	**–**	**(7,995)**	**(37,434)**	**(56,093)**	**91,767**	**–**	**(3,833)**	**(18,782)**	**(89)**	**69,063**

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

	30 June 2020 – Restated					31 Dec 2019 – Restated					
	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Restated $'000	Reported $'000	Adjustment 1 $'000	Adjustment 2 $'000	Adjustment 3 $'000	Adjustment 4 $'000	Restated $'000
Cash flows from operating activities											
Cash receipts in the course of operations	1,094,162	–	–	–	1,094,162	755,228	–	–	–	–	755,228
Cash payments in the course of operations	(946,978)	–	–	–	(946,978)	(558,707)	–	–	–	–	(558,707)
Cash provided by operations	147,184	–	–	–	147,184	196,521	–	–	–	–	196,521
Distributions from joint ventures	858	–	–	–	858	89	–	–	–	–	89
Other revenue	87,175	–	–	–	87,175	27,765	–	–	–	–	27,765
Dividends received	5	–	–	–	5	3	–	–	–	–	3
Interest received	369	–	–	–	369	178	–	–	–	–	178
Finance costs paid	(32,770)	–	–	–	(32,770)	(15,514)	–	–	–	–	(15,514)
Income tax paid	(26,454)	–	–	–	(26,454)	(45,805)	–	–	–	–	(45,805)
Net cash provided by operating activities	176,367	–	–	–	176,367	163,237	–	–	–	–	163,237
Cash flows from investing activities											
Payments for property, plant and equipment and redevelopment of properties	(121,680)	–	–	–	(121,680)	(63,443)	–	–	–	–	(63,443)
Finance costs paid in relation to qualifying assets	(3,149)	–	–	–	(3,149)	(1,712)	–	–	–	–	(1,712)
Payments for management rights, software and other intangible assets	(7,405)	–	–	–	(7,405)	(548)	–	–	–	–	(548)
Payments for interest in joint venture	(6,104)	–	–	–	(6,104)	–	–	–	–	–	–
Decrease in loans from other entities	(495)	–	–	–	(495)	(463)	–	–	–	–	(463)
Proceeds from disposal of property, plant and equipment	14,011	–	–	–	14,011	7,823	–	–	–	–	7,823
Net cash used by investing activities	(124,822)	–	–	–	(124,822)	(58,343)	–	–	–	–	(58,343)
Cash flows from financing activities											
Proceeds from borrowings	181,803	–	–	–	181,803	77,471	–	–	–	–	77,471
Repayment of borrowings	(68,000)	–	–	–	(68,000)	(50,000)	–	–	–	–	(50,000)
Payment of lease liabilities	(99,332)	–	–	–	(99,332)	(56,759)	–	–	–	–	(56,759)
Dividends paid	(83,822)	–	–	–	(83,822)	(49,971)	–	–	–	–	(49,971)
Net cash used in financing activities	(69,351)	–	–	–	(69,351)	(79,259)	–	–	–	–	(79,259)
Net increase in cash and cash equivalents	(17,806)	–	–	–	(17,806)	25,635	–	–	–	–	25,635
Cash at the beginning of the period	93,761	–	–	–	93,761	93,761	–	–	–	–	93,761
Effect of exchange rate fluctuations	639	–	–	–	639	(884)	–	–	–	–	(884)
Cash at the end of the period	**76,594**	**–**	**–**	**–**	**76,594**	**118,512**	**–**	**–**	**–**	**–**	**118,512**
Attributable to:											
Continuing operations	67,062	9,532	–	–	76,594	72,531	45,981	–	–	–	118,512
Discontinued operations	9,532	(9,532)	–	–	–	45,981	(45,981)	–	–	–	–
Cash at the end of the period	**76,594**	**–**	**–**	**–**	**76,594**	**118,512**	**–**	**–**	**–**	**–**	**118,512**

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

Discontinued operations

On 22 October 2018, the sale of the German Cinema operation to Vue International Bidco plc ("Vue"), subject to Federal Cartel Office ("FCO") approval, was announced. As a result of the proposed sale, the Entertainment Germany result was reported as a discontinued operation for all reporting periods from December 2018 through to June 2020. Key steps and dates in relation to the proposed sale have been set out below:

- The Sale and Purchase Agreement ("SPA") for the sale was signed in October 2018. The upfront payment required on completion was €130 million with a further variable consideration component that was subject to market performance conditions. The sale was not subject to financing and the SPA excluded all force majeure and material adverse event clauses. The SPA also obligated Vue to obtain FCO clearance and to satisfy all conditions required in relation to FCO clearance;
- On 18 February 2020, Vue confirmed that a variable consideration component of €56.9 million had been achieved;
- The FCO granted conditional approval for the sale on 28 February 2020. The conditional approval was subject to the divestment of six sites within a six-month period. The designated divestment sites included five of the CineStar sites and one CineMaXx (Vue) site. Divestment of one CineStar site was completed in October 2020;
- On 21 August 2020, at the request of Vue, the FCO extended the divestment deadline to 13 November 2020;
- On 12 October 2020, Vue unilaterally paused the divestment process in order to renegotiate the terms of the Transaction with the Group. At the time of the pause, the divestment process was well advanced and there were three shortlisted purchasers, which had all received in-principle approval from the FCO as suitable purchasers subject to final FCO review and approval of the transaction documents;
- On 6 November 2020, at the request of Vue, the FCO further extended the divestment deadline to 14 December 2020; and
- On 15 December 2020, the Group announced that in its view, Vue was in a position to complete the divestment process but deliberately failed to meet its contractual obligations. As a result, the sale of the Entertainment Germany segment, as notified to the FCO, was a prohibited transaction due to the failure to satisfy the FCO conditions.

The Group has reclassified and reported the Entertainment – Germany segment as a continuing operation. The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018.

As disclosed within previous reporting periods, profit attributable to discontinued operations was as follows:

	Full year 30 June 2020 $'000	Half year 31 Dec 2019 $'000	Full year 30 June 2019 $'000	Half year 31 Dec 2018 $'000
Revenue and other income				
Revenue from sale of goods and rendering of services	237,952	173,282	289,971	145,518
Other revenue and income	8,903	3,792	5,008	2,374
Total revenue	246,855	177,074	294,979	147,892
Expenses				
Film hire and other film expenses	(65,724)	(48,354)	(78,757)	(39,432)
Occupancy expenses	(53,220)	(32,518)	(117,920)	(58,087)
Employee expenses	(56,878)	(32,362)	(58,841)	(28,887)
Purchases and other direct expenses	(13,451)	(9,837)	(16,465)	(8,492)
Amortisation and depreciation*	–	–	(3,156)	(3,403)
Advertising, commissions and marketing expenses	(4,081)	(2,590)	(5,234)	(2,798)
Other operating expenses	(5,902)	(2,334)	(6,259)	(3,244)
Finance costs	(2,999)	(1,665)	(541)	(268)
Total expenses	(202,255)	(129,660)	(287,173)	(144,611)
Equity profit				
Share of net profit of equity accounted investees	116	1,040	1,128	759
Profit before income tax expense	44,716	48,454	8,934	4,040
Income tax expense	(20,082)	(13,915)	(4,124)	(1,547)
Profit after tax from discontinued operations	24,634	34,539	4,810	2,493

NOTE 2 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

	Full year 30 June 2020 $'000	Half year 31 Dec 2019 $'000	Full year 30 June 2019 $'000	Half year 31 Dec 2018 $'000
Cash flows from discontinued operations were as follows:				
Net cash provided by operating activities	30,513	51,803	13,929	13,966
Net cash used in investing activities	(4,574)	(692)	(11,388)	(8,941)
Net cash used in financing activities	(38,899)	(26,617)	(39,075)	(16,656)
Net cash flows for the period	(12,960)	24,494	(36,534)	(11,631)

* Amortisation, depreciation and impairment charges, and resulting tax benefit, that would have been recognised in the Income Statement had the segment Entertainment Germany not been classified as a discontinued operation in October 2018 is as follows:

- For the full year ending 30 June 2020 (including AASB 16 adjustments): depreciation, amortisation and impairments of $65,173,000 and a related tax benefit of $19,552,000.
- For the half year ended 31 December 2019 (including AASB 16 adjustments): depreciation, amortisation and impairments of $32,307,000 and a related tax benefit of $9,692,000.
- For the full year ending 30 June 2019: depreciation, amortisation and impairments of $9,037,000 and a related tax benefit of $2,711,000.
- For the half year ended 31 December 2018: depreciation, amortisation and impairments of $2,147,000 and a related tax benefit of $644,000.

As disclosed within previous reporting periods, assets and liabilities attributable to discontinued operations was as follows:

	30 June 2020 $'000	31 Dec 2019 $'000	30 June 2019 $'000	31 Dec 2018 $'000
ASSETS				
Current assets				
Cash and cash equivalents	9,532	45,981	21,836	44,087
Trade and other receivables	10,528	13,907	12,428	17,793
Inventories	2,570	3,350	3,265	3,842
Prepayments and other current assets	1,051	609	1,157	450
Investments accounted for using the equity method	2,300	3,818	2,830	3,036
Property, plant and equipment **	102,080	96,418	96,413	93,570
Right-of-use assets	298,877	262,482	–	–
Goodwill and other intangible assets	6,317	6,358	6,665	6,729
Deferred tax assets **	–	–	71	2,130
Other assets	22,582	–	–	890
Assets held for sale	455,837	432,923	144,665	172,527
LIABILITIES				
Trade and other payables	19,365	18,662	13,622	19,675
Loans and borrowings	1,766	1,707	2,055	2,200
Provisions	9,554	6,693	8,083	7,946
Deferred revenue	25,821	31,095	26,529	31,175
Lease liabilities	246,388	236,616	–	–
Deferred tax liabilities **	17,707	10,249	–	–
Liabilities held for sale	320,601	305,022	50,289	60,996
Net assets held for sale	135,236	127,901	94,376	111,531

** Amortisation, depreciation and impairments charges, and resulting tax benefit, that would have been reflected within the assets and liabilities had the segment Entertainment Germany not been classified as a discontinued operation in October 2018 is as follows:

- For the full year ending 30 June 2020: a reduction in property, plant and equipment of $19,409,000, a reduction in right-of-use assets of $54,527,000 and a related tax benefit of $22,181,000.
- For the half year ended 31 December 2019: a reduction in property, plant and equipment of $14,513,000, a reduction in right-of-use assets of $26,831,000 and a related tax benefit of $12,403,000.
- For the full year ending 30 June 2019 (including AASB 16 adjustments): a reduction in property, plant and equipment of $9,037,000 and a related cumulative tax benefit of $2,711,000.
- For the half year ended 31 December 2018 (including AASB 16 adjustments): a reduction in property, plant and equipment of $2,147,000 and a related cumulative tax benefit of $644,000.

NOTE 3 – 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
Includes cinema exhibition operations in Australia and New Zealand, technology equipment supply and servicing, and the State Theatre.

Entertainment Germany
Includes the cinema exhibition operations in Germany. See note 2 for further information.

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 investments designated as at fair value through other comprehensive income.

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.

NOTE 3 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Consolidated $'000
31 December 2020										
Revenue and other income										
External segment revenue	77,251	27,800	73,191	49,168	7,009	3	234,422	–	–	234,422
Other income – external	27,659	4,426	13,439	1,777	250	895	48,446	11,134	–	59,580
Finance revenue	–	–	–	–	–	–	–	–	77	77
Revenue and other income	104,910	32,226	86,630	50,945	7,259	898	282,868	11,134	77	294,079
Result										
Segment result	14,392	(16,792)	13,456	23,842	5,121	(6,013)	34,006	(64)	–	33,942
Net profit of equity accounted investees	(433)	(1,155)	(140)	–	–	–	(1,728)	–	–	(1,728)
EBITDA*	13,959	(17,947)	13,316	23,842	5,121	(6,013)	32,278	(64)	–	32,214
Depreciation and amortisation	(45,929)	(29,378)	(15,801)	(4,234)	(1,492)	(302)	(97,136)	–	–	(97,136)
Impairment reversal	–	–	–	–	–	–	–	3,747	–	3,747
Profit/(loss) before interest and income tax expense	(31,970)	(47,325)	(2,485)	19,608	3,629	(6,315)	(64,858)	3,683	–	(61,175)
Finance costs	(9,947)	(1,091)	(872)	–	–	–	(11,910)	–	(8,765)	(20,675)
Finance revenue	–	–	–	–	–	–	–	–	77	77
Profit/(loss) before income tax expense	(41,917)	(48,416)	(3,357)	19,608	3,629	(6,315)	(76,768)	3,683	(8,688)	(81,773)
Income tax credit/(expense)	–	–	–	–	–	–	–	(825)	22,383	21,558
Net profit/(loss)	(41,917)	(48,416)	(3,357)	19,608	3,629	(6,315)	(76,768)	2,858	13,695	(60,215)
Assets										
Reportable segment assets (excluding right-of use assets)	368,007	130,760	716,567	64,214	343,007	–	1,622,555	–	89,202	1,711,757
Right-of-use assets	550,126	214,870	49,748	–	–	–	814,744	–	–	814,744
Equity accounted investments	6,061	994	9,337	–	–	–	16,392	–	–	16,392
Deferred tax assets	–	–	–	–	–	–	–	–	36,126	36,126
Total assets	924,194	346,624	775,652	64,214	343,007	–	2,453,691	–	125,328	2,579,019

NOTE 3 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Restated Consolidated $'000
31 December 2020										
Reconciliation of adjustments AASB 16 *Leases*										
Reported EBITDA (including AASB 16 Leases)*	13,959	(17,947)	13,316	23,842	5,121	(6,013)	32,278	(64)	–	32,214
Less: Occupancy costs	(37,250)	(24,121)	(1,967)	–	–	–	(63,338)	–	–	(63,338)
Adjusted EBITDA (excluding AASB 16 Leases)*	(23,291)	(42,068)	11,349	23,842	5,121	(6,013)	(31,060)	(64)	–	(31,124)
Result impacts arising from AASB 16 *Leases*										
Occupancy costs	37,250	24,121	1,967	–	–	–	63,338	–	–	63,338
Amortisation	(29,164)	(24,561)	(1,385)	–	–	–	(55,110)	–	–	(55,110)
Finance costs	(9,947)	(1,091)	(872)	–	–	–	(11,910)	–	–	(11,910)
Income tax credit**	419	458	43	–	–	–	920	–	–	920
	(1,442)	(1,073)	(247)	–	–	–	(2,762)	–	–	(2,762)

* *EBITDA is profit before net interest, income tax, depreciation and amortisation*
** *The tax impact for AASB 16 and the operations of the Group are reported as an unallocated impact.*

NOTE 3 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Restated Consolidated $'000
31 December 2019 – restated										
Revenue and other income										
External segment revenue	272,335	175,940	177,283	63,084	9,429	14	698,085	–	–	698,085
Other income – external	–	39	–	265	1,293	–	1,597	3,304	–	4,901
Finance revenue	–	–	–	–	–	–	–	–	178	178
Revenue and other income	272,335	175,979	177,283	63,349	10,722	14	699,682	3,304	178	703,164
Result										
Segment result	85,427	47,984	50,809	28,633	8,119	(10,154)	210,818	(1,690)	–	209,128
Net profit of equity accounted investees	(89)	1,040	203	–	–	–	1,154	–	–	1,154
EBITDA*	85,338	49,024	51,012	28,633	8,119	(10,154)	211,972	(1,690)	–	210,282
Depreciation and amortisation	(46,071)	(32,307)	(15,628)	(3,542)	(1,641)	–	(99,189)	–	–	(99,189)
Impairment reversal	–	–	–	–	–	–	–	2,219	–	2,219
Profit/(loss) before interest and income tax expense	39,267	16,717	35,384	25,091	6,478	(10,154)	112,783	529	–	113,312
Finance costs	(10,262)	(1,109)	(896)	–	–	–	(12,267)	–	(4,425)	(16,692)
Finance revenue	–	–	–	–	–	–	–	–	178	178
Profit/(loss) before income tax expense	29,005	15,608	34,488	25,091	6,478	(10,154)	100,516	529	(4,247)	96,798
Income tax credit/(expense)	–	–	–	–	–	–	–	2,437	(28,503)	(26,066)
Net profit	29,005	15,608	34,488	25,091	6,478	(10,154)	100,516	2,966	(32,750)	70,732
Assets										
Reportable segment assets (excluding right-of use assets)	423,728	152,110	771,839	50,985	339,657	–	1,738,319	–	60,812	1,799,131
Right-of-use assets	558,986	235,651	52,265	–	–	–	846,902	–	–	846,902
Equity accounted investments	7,135	3,818	4,024	–	–	–	14,977	–	–	14,977
Deferred tax assets	–	–	–	–	–	–	–	–	45,038	45,038
Total assets	989,849	391,579	828,128	50,985	339,657	–	2,600,198	–	105,850	2,706,048

NOTE 3 – SEGMENT REPORTING (continued)

	Entertainment – Australia and New Zealand $'000	Entertainment – Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Restated Consolidated $'000
31 December 2019 – Restated										
Reconciliation of adjustments AASB 16 *Leases*										
Reported EBITDA (including AASB 16 Leases)*	85,338	49,024	51,012	28,633	8,119	(10,154)	211,972	(1,690)	–	210,282
Less: Occupancy costs	(38,750)	(27,263)	(1,925)	–	–	–	(67,938)	–	–	(67,938)
Adjusted EBITDA (excluding AASB 16 Leases)*	46,588	21,761	49,087	28,633	8,119	(10,154)	144,034	(1,690)	–	142,344
Result impacts arising from AASB 16 *Leases*										
Occupancy costs	38,750	27,263	1,925	–	–	–	67,938	–	–	67,938
Amortisation	(29,249)	(26,831)	(1,379)	–	–	–	(57,459)	–	–	(57,459)
Finance costs	(10,262)	(1,109)	(896)	–	–	–	(12,267)	–	–	(12,267)
Income tax credit**	228	202	106	–	–	–	536	–	–	536
	(533)	(475)	(244)	–	–	–	(1,252)	–	–	(1,252)

* *EBITDA is profit before net interest, income tax, depreciation and amortisation*
** *The tax impact for AASB 16 and the operations of the Group are reported as an unallocated impact.*

Geographic Information

The information below is a segment analysis by geographic location.

	31 December 2020				31 December 2019 – Restated			
	Australia $'000	New Zealand $'000	Germany $'000	Total Consolidated $'000	Australia $'000	New Zealand $'000	Germany $'000	Total Consolidated $'000
External segment revenue	172,510	34,112	27,800	234,422	446,216	74,586	177,283	698,085
Reportable segment assets	1,173,923	317,872	130,760	1,622,555	1,346,659	239,550	152,110	1,738,319
Right-of-use assets	472,634	127,240	214,870	814,744	501,285	109,966	235,651	846,902
Equity accounted investments	6,061	9,337	994	16,392	7,135	4,024	3,818	14,977
Total assets	1,652,618	454,449	346,624	2,453,691	1,855,079	353,540	391,579	2,600,198

NOTE 4 – REVENUE

	31 Dec 2020 $'000	Restated 31 Dec 2019 $'000
Revenue from contracts with customers (see below)	221,471	681,358
Other revenue		
Rental revenue	12,581	15,676
Finance revenue	77	178
Government wage subsidies [a]	48,190	–
Dividends	3	3
Sundry	366	1,048
	61,217	16,905
Other income		
Reversal of impairment charges booked in previous years	3,747	2,219
Increase in fair value of investment properties	250	1,293
Sundry	–	1,085
Profit on sale of property, plant and equipment	7,394	304
	11,391	4,901
	294,079	703,164

Government grants and government assistance

The Group has benefitted from the following significant government support packages as a result of COVID-19 during the period:

Support	Description
JobKeeper Scheme (Australia)	Due to the impact of COVID-19 on the turnover of the Group's Australian domiciled entities, government subsidies totalling $41,730,000 (2019: $nil) were received under the Australian Federal Government's JobKeeper scheme. Relevant Australian entities of the Group became eligible for the scheme from its inception in March 2020 and the Group expects that the majority of the relevant entities will continue to receive revenue under the scheme until its currently scheduled completion on 28 March 2021.
Wage subsidy (New Zealand)	Due to the impact of COVID-19 on the turnover of the Group's New Zealand domiciled entities, government subsidies totalling $2,034,000 (2019: $nil) were received under the New Zealand Government's Wage Subsidy scheme. The scheme was initiated to support employers adversely affected by COVID-19 and to ensure payment of employees. The scheme concluded during the half year period.
Short-Time Pay or Kurzarbeitergeld (Germany)	Due to the impact of COVID-19 on the turnover of the Group's German domiciled entities, government subsidies totalling $4,426,000 (2019: $nil) were received under the German Government's Short-Time Pay scheme. Certain Group companies resident in Germany have qualified for the Short-Time Pay arrangements.

NOTE 4 – REVENUE (continued)

	Entertainment						
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Corporate and Unallocated $'000	Consolidated $'000
Disaggregation of revenue from contracts with customers							
31 December 2020							
Major products/service lines							
Box office	39,223	13,538	–	–	–	–	52,761
Food and beverage	22,279	7,722	23,511	8,091	–	–	61,603
Hotel rooms	–	–	39,452	2,482	–	–	41,934
Management and service agreements	735	123	3,613	–	–	–	4,471
Thredbo lift tickets	–	–	–	29,018	–	–	29,018
Other revenue from contracts with customers	14,964	4,070	5,800	6,002	848	–	31,684
Revenue from contracts with customers	77,201	25,453	72,376	45,593	848	–	221,471
Rental revenue	50	2,308	815	3,247	6,161	–	12,581
Finance revenue	–	–	–	–	–	77	77
Government wage subsidies	27,659	4,426	13,439	1,771	–	895	48,190
Dividends	–	–	–	–	–	3	3
Increase in fair value of investment property	–	–	–	–	250	–	250
Sundry	–	39	–	334	–	–	373
Total revenue and other income before individually significant items	104,910	32,226	86,630	50,945	7,259	975	282,945
Individually significant items – other income	7,387	–	3,747	–	–	–	11,134
Total revenue and other income	112,297	32,226	90,377	50,945	7,259	975	294,079

NOTE 4 – REVENUE (continued)

	Entertainment						
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property and Other Investments $'000	Corporate and Unallocated $'000	Restated Consolidated $'000
Disaggregation of revenue from contracts with customers 31 December 2019							
Major products/service lines							
Box office	160,912	102,756	–	–	–	–	263,668
Food and beverage	73,635	52,140	62,848	10,308	–	–	198,931
Hotel rooms	–	–	95,000	2,393	–	–	97,393
Management and service agreements	1,053	240	8,924	–	–	–	10,217
Thredbo lift tickets	–	–	–	37,191	–	–	37,191
Other revenue from contracts with customers	36,665	18,146	9,471	8,358	1,318	–	73,958
Revenue from contracts with customers	272,265	173,282	176,243	58,250	1,318	–	681,358
Rental revenue	70	2,347	965	4,183	8,111	–	15,676
Finance revenue	–	–	–	–	–	178	178
Dividends	–	–	–	–	–	3	3
Increase in fair value of investment property	–	–	–	–	1,293	–	1,293
Sundry	–	350	75	916	–	11	1,352
Total revenue and other income before individually significant items	272,335	175,979	177,283	63,349	10,722	192	699,860
Individually significant items – other income	–	1,085	2,219	–	–	–	3,304
Total revenue and other income	272,335	177,064	179,502	63,349	10,722	192	703,164

NOTE 4 – 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 of a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contacts with customers, including significant payment terms and the related revenue recognition policies. The Group's revenue recognition accounting policies are summarised in the table below:

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Box office	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. 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.	Box office ticket revenue is recognised on the date the customer views the relevant film. 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. When gift cards and vouchers are sold to customers, the revenue is recognised as deferred revenue in the Statement of Financial Position until the customer uses the gift card or voucher to purchase goods or services from the Group. Revenue from gift cards and vouchers that will not be redeemed by customers ("breakage") is estimated and recognised as revenue based on historical patterns of redemption by customers. 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. 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.
Food and beverage	Customers obtain control of food and beverage at the point of sale.	Revenue is recognised at the point of sale.
Hotel rooms	Customers obtain control of the accommodation service when they occupy the room.	Revenue is recognised when the room is occupied.
Hotel management and service agreements	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.
Thredbo lift tickets	Customers obtain control of the lift service on the day or other period when the lift ticket is valid for use.	Revenue is recognised as customers use 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.
Thredbo ski school	Customers obtain control of the ski school service when the lesson is attended.	Revenue is recognised at the time of the lesson or other activity.

NOTE 5 – PROFIT BEFORE INCOME TAX

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:

	31 Dec 2020 $'000	Restated 31 Dec 2019 $'000
Profit on sale of a property	7,387	–
Reversal of impairment charges booked in previous years	3,747	2,219
Transaction and other costs associated with the sale of a business segment	(4,506)	(1,497)
Other expenses (net of income items)	(2,945)	(193)
Individually significant items benefit before income tax	3,683	529
Income tax (expense)/benefit	(825)	2,437
Individually significant items benefit after income tax	2,858	2,966

(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 2021 have largely been earned in the half year to 31 December 2020.

NOTE 6 – DIVIDENDS

To assist the Group's liquidity during the COVID-19 recovery period, no dividend has been declared for the half year ending 31 December 2020. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance. Subject to trading conditions, the Board desires to resume dividend payments from the 2022 financial year.

Dividends paid relating to prior periods are shown in the table below.

	Per share Cents	Total amount $'000	Date of payment	Tax rate for franking credit	Percentage franked
2020					
Final 2019 dividend	31	49,971	19 September 2019	30%	100%
Interim 2020 dividend	21	33,851	19 March 2020	30%	100%
		83,822			
2019					
Final 2018 dividend	31	49,880	20 September 2018	30%	100%
Interim 2019 dividend	21	33,851	21 March 2019	30%	100%
		83,731			

NOTE 7 – TAXATION

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. 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 have 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.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the half year ended 31 December 2020 the Group acquired property, plant and equipment with a cost value of $12,444,000 (2019: $64,458,000).

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. Thredbo is also considered to be, and has been tested as, one cash-generating unit.

Details regarding impairment testing performed at 31 December 2020 are set out below.

Hotels

Hotel properties are treated as separate cash-generating units. As a result of the continuing COVID-19 impact, assessing fair value as at the reporting date involved considerable uncertainty around the Group's underlying assumptions and inputs to fair value given the forward looking nature of these assumptions. To reduce uncertainty, the Group applied a conservative impairment approach by initially estimating the fair value of each hotel cash generating unit by referencing, and applying a discount, to the existing (pre COVID-19) valuations.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (continued)

The impairment review process at 31 December 2020 included a detailed review of independent valuations that were issued pre COVID-19 and an internal review of the valuation parameters was undertaken and a discount rate range of -10% to -20% was applied to the existing valuation (the "Amended Valuation"). The Amended Valuation was then compared to the relevant carrying value of each hotel cash generating unit. In each hotel cash generating unit the Amended Valuation exceeded the carrying value. In addition, independent valuations were undertaken on five hotel cash generating units and, in each instance, the independent valuations exceeded the carrying value.

As a result of the above impairment review process, there were no impairment losses recognised during the half year (year ended 30 June 2020: $34,150,000).

For hotels that had been subject to impairments in previous years, the recoverable amount was reviewed during the period. As a result of the review, impairment charges of $3,737,000 (year ended 30 June 2020: $2,219,000) were reversed in respect of impairments booked in previous years.

Entertainment

Cinema sites are treated as separate cash-generating units, with the exception of cinema sites within a single geographic location, which are tested as one cash-generating unit. The current COVID-19 impacted trading performance, together with past pre COVID-19 performance, of certain cinema sites and cash-generating units caused the Group to assess their recoverable amounts at 31 December 2020.

The impairment review process at 31 December 2020 included the following:

- the normalised annual earnings for each cinema or cinema cash-generating unit were reviewed by management to determine the existence, if any, of any underlying current or expected future market or other conditions that could potentially adversely impact future performance and earnings for the site or cash-generating unit in a post COVID-19 trading environment. If an adverse condition was in existence, the site or cash-generating unit was subject to further impairment testing; and
- where no adverse conditions were considered to be present, the normalised earnings before interest, tax, amortisation and depreciation ("EBITDA") was multiplied by a factor of five and the result was used as a conservative proxy for market valuation purposes. For those sites where the EBITDA multiple was below the relevant carrying value the site or cash-generating unit was subject to further impairment testing.

To assess the value in use for impairment testing purposes:

- estimated future cash flows were discounted to their present value using an appropriate pre-tax discount rate, derived from the Group's post-tax weighted average cost of capital of 9.0%;
- cash flow forecasts were based primarily on pre COVID-19 normalised earnings which were then adjusted for COVID-19 and anticipated post COVID-19 impact; and
- forecast growth rates (inclusive of an average annual inflation rate) of 2.0%.

As a result of the above impairment review process, there were no impairment losses recognised during the half year period (year ending 30 June 2020: $21,355,000).

For cinemas that had been subject to impairments in previous years, the recoverable amount was reviewed during the period. As a result of the review, no impairment charges were reversed in respect of impairments booked in previous years.

Thredbo

The operations at Thredbo are treated as one cash-generating unit. The impairment review process at 31 December 2020 included a review of the parameters of the independent valuation issued pre COVID-19 together with the expected future normalised earnings of the Thredbo business. The pre COVID-19 independent valuation parameters were considered to be consistent with current valuation assumptions. In addition, the pre COVID-19 independent valuation is in excess of the current carrying value by over 200% and, as a result, the Group determined that there was no impairment in relation to the carrying value of Thredbo.

NOTE 9 – GOODWILL AND OTHER INTANGIBLE ASSETS

	31 Dec 2020 $'000	Restated 30 June 2020 $'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 the beginning of the period	99,146	99,989
Acquisitions and initial contributions	1,323	7,405
Net foreign currency differences on translation of foreign operations	(85)	(566)
Amortisation	(2,945)	(5,697)
Impairment adjustment	–	(2,772)
Disposals	–	(2)
Transfer	2,886	789
Balance at the end of the period	100,325	99,146

Impairment

The carrying amounts of the Group's non-financial assets, other than investment properties, 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.

NOTE 10 – LOANS AND BORROWINGS

	31 Dec 2020 $'000	Restated 30 June 2020 $'000
Current		
Interest bearing loans and borrowings		
Bank loans – secured	–	488,300
Non–interest bearing loans and borrowings		
Loans from other companies – unsecured	1,063	821
	1,063	489,121
Non–current		
Interest bearing loans and borrowings		
Bank loans – secured	533,640	–
Deferred financing costs	(3,863)	–
	529,777	–
Non–interest bearing loans and borrowings		
Loans from other companies – unsecured	1,653	1,804
	531,430	1,804

Bank debt – secured

The Group's secured bank debt facilities were amended and restated on 3 July 2020 and comprise the following:

- $650,000,000 revolving multi-currency loan facility maturing on 3 July 2023;
- $100,000,000 non-revolving loan facility maturing on 3 January 2022; and
- $2,500,000 credit support facility (for the issue of letters of credit and bank guarantees).

The above facilities are supported by interlocking guarantees from most Australian and New Zealand domiciled 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 1.75% and 4.35% per annum. As at 31 December 2020, the Group had drawn $533,640,000 (30 June 2020: $488,300,000) under the debt facilities, of which $nil (30 June 2020: $nil) was subject to interest rate swaps used for hedging, and had drawn $1,225,000 under the credit support facility (30 June 2020: $1,124,000).

Other facility – secured

Certain wholly-owned German subsidiaries have a secured guarantee facility of €14,000,000 (A$22,332,000) for the issue of letters of credit and bank guarantees. The facility expires on 31 May 2021 and is secured against cash held within certain (non-Australian based) Group entities. Guarantees supported under the facility bear interest of 1.35% per annum on the nominal amount of the facility. At 31 December 2020, the Group had drawn €12,977,000 (A$20,700,000) under the facility.

NOTE 11 – SHARE CAPITAL

	31 Dec 2020 Shares	30 June 2020 Shares	31 Dec 2020 $'000	30 Jun 2020 $'000
Share capital				
Fully paid ordinary shares	161,195,521	161,195,521	219,126	219,126
Share capital consists of:				
Ordinary shares	161,173,953	161,173,671		
Tax Exempt Share Plan	21,568	21,850		
	161,195,521	161,195,521		

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 12 – RESERVES

	31 Dec 2020 $'000	Restated 30 June 2020 $'000
Financial assets revaluation	12,536	12,536
Investment property revaluation	5,121	5,121
Share–based payments	36,340	34,769
Foreign currency translation	17,918	20,680
	71,915	73,106

NOTE 13 – INTERESTS IN OTHER ENTITIES

Details of the investments in other entities have been provided below:

	Investment carrying amount		Contribution to operating (loss)/profit	
	31 Dec 2020 $'000	Restated 30 June 2020 $'000	31 Dec 2020 $'000	Restated 31 Dec 2019 $'000
Investments in joint ventures	16,282	18,180	(1,719)	1,152
Investments in associates	110	119	(9)	2
Total	16,392	18,299	(1,728)	1,154

The Group reviewed its interest in other entities for indicators of impairment and determined that there was no current requirement to book an impairment in relation to the carrying value of interests in other entities.

NOTE 13 – 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	Incorporated	Principal activities	Ownership interest 31 Dec 2020 %	Ownership interest 30 June 2020 %	Investment carrying amount 31 Dec 2020 $'000	Investment carrying amount Restated 30 June 2020 $'000	Contribution to operating (loss)/profit 31 Dec 2020 $'000	Contribution to operating (loss)/profit Restated 31 Dec 2019 $'000
Browns Plains Cinemas Pty Limited	Australia	Operator of a multiscreen cinema complex	(a) 50	(a) 50	391	488	(96)	(53)
Jucy Snooze Limited	New Zealand	Hotel operator	(c) 50	(b) (c) 50	5,190	5,527	(356)	–
Loganholme Cinemas Pty Limited	Australia	Operator of a multiscreen cinema complex	50	50	5,560	5,888	(328)	(34)
Rydges Latimer Holdings Limited	New Zealand	Hotel owner	(c) 16	(c) 16	4,147	3,977	216	203
Filmpalast am ZKM Karlsruhe GmbH & Co. KG	Germany	Operator of a multiscreen cinema complex	(d) 50	(d) 50	915	1,743	(736)	546
Filmpalast Konstanz GmbH & Co. KG	Germany	Operator of a multiscreen cinema complex	(d) 50	(d) 50	–	353	(419)	490
Red Carpet Cinema Communication GmbH & Co. KG	Germany	Event management	(d) 50	(d) 50	79	204	–	–
					16,282	18,180	(1,719)	1,152

Notes:

(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) The Group acquired a 50% interest in Jucy Snooze Limited on 3 February 2020.

(c) This company is incorporated in New Zealand.

(d) These companies are incorporated in Germany. The Group's investment in these companies has been reclassified from assets held for sale to continuing operations; see note 2. Dividends totalling $724,000 (€406,000) were received from Filmpalast Konstanz GmbH & Co. KG during the year ended 30 June 2020.

NOTE 13 – INTERESTS IN OTHER ENTITIES (continued)

Associates

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

			Ownership interest		Investment carrying amount		Contribution to operating profit/(loss)	
Name	Country of incorporation	Principal activities	31 Dec 2019 %	30 Jun 2019 %	31 Dec 2020 $'000	30 June 2020 $'000	31 Dec 2020 $'000	31 Dec 2019 $'000
Cinesound Movietone Productions Pty Limited	Australia	Film owner and distributor	50	50	110	119	(9)	2
Digital Cinema Integration Partners Pty Limited	Australia	Administration	48	48	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited	New Zealand	Administration	(a) 60	(a) 60	–	–	–	–
DeinKinoticket GmbH	Germany	Operator of DeinKinoticket website	24	24	–	–	–	–
Movietimes Australia and New Zealand Pty Limited	Australia	Operator of Movietimes website	(a) 53	(a) 53	–	–	–	–
					110	119	(9)	2

Note:
(a) These companies are not consolidated as the Group does not have control.

Joint operations

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

			Ownership interest	
Name	Principal activities	Country of operation	31 Dec 2020 %	30 June 2020 %
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%.

Subsidiaries

A list of subsidiaries of the Group is set out in note 5.2 of the 2020 Annual Report. Since 1 July 2020 there have been no significant changes to the Group's subsidiaries however, as disclosed in note 2, the Group has reclassified its German cinema exhibition business, CineStar, which includes the Group's German subsidiary companies from a discontinued operation to a continuing operation.

NOTE 14 – LEASES

The Group has applied AASB 16 effective from 1 July 2019, using the modified retrospective approach. The accounting policies relating to AASB 16 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 2020.

NOTE 15 – KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

At the annual general meeting held on 23 October 2020, shareholders approved a one-off additional equity-based recognition and retention incentive for Ms Jane Hastings (the CEO) with overall award target value of $1,550,000. The award has been designed to recognise the additional effort required from the CEO both during the COVID 19 response period and during the recovery period, and the importance of retaining the CEO during this critical period. The award will be delivered in share rights and will remain restricted until at least three years from the grant date to further support the alignment of CEO remuneration and shareholder interests. The award will vest in two tranches, with 60% of the grant value vesting after the release of the Group's results for the year ending 30 June 2021 and the remaining 40% will vest after the release of the Group's results for the year ending 30 June 2022.

NOTE 16 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2020.

NOTE 17 – EVENTS SUBSEQUENT TO REPORTING DATE

German lockdown

The operations of the Entertainment Germany segment are currently closed, due to the COVID-19 lockdown restrictions within Germany. The duration of the lockdown is dependent upon the German government relaxing the lockdown restrictions. The current general expectation is that the relaxation of the restrictions could occur by May 2021.

Prohibition of the sale of the German Cinema operation to Vue International Bidco plc ("Vue")

The Group is seeking legal advice in relation to the failure by Vue to meet its contractual obligation, which resulted in the sale of the German Cinema operation, as notified to the FCO, being prohibited. Further information regarding the sale is outlined within note 2 of this report.

Sale of a number of group properties

The Group is currently in the process of preparing a number of expression of interest campaigns for the sale of certain freehold assets that are non-core to the business operations of the Group. The assets total up to approximately $250 million and are expected to be subject to divestment over the next two years.

Dividends

To assist the Group's liquidity during the COVID-19 recovery period, no dividend has been declared for the half year ending 31 December 2020. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance. Subject to trading conditions, the Board desires to resume dividend payments from the 2022 financial year.

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 51 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 2020 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 18th day of February 2021.

Independent Auditor's Review Report

To the shareholders of Event Hospitality & Entertainment Limited

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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 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:

- Statement of financial position as at 31 December 2020.
- Income statement, Statement of comprehensive income, Statement of changes in equity and 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
- 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Consolidated Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

A review of an Interim Consolidated 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.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

18 February 2021