

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Amalgamated Holdings Limited (“Parent Entity” or “Company”) is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2008 comprise the Parent Entity and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and partnerships.

Amalgamated Holdings Limited is a company incorporated in Australia and limited by shares. The shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in Note 2.

The financial report was authorised by the Board of Amalgamated Holdings Limited for issuance on 28 August 2008.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

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

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as available-for-sale, share-based payments and investment properties.

Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASBs that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Note 1(z).

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

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

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The Company and Group have elected to early adopt the following accounting standards and amendments:

- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- All 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services.

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They were available for early adoption at 30 June 2008, but have not been applied by the Group in preparing these financial statements:

- AASB 8 *Operating Segments* (“AASB 8”) replaced the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 and the consequential amendments in AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 107, AASB 119, AASB 120, AASB 127, AASB 134, AASB 136, AASB1023 and AASB 1038] are applicable for annual reporting periods beginning on or after 1 January 2009. AASB 8 and AASB 2007-3 may impact on the disclosure of operating segments within the financial reports. The Group has yet to determine the effect on the disclosure;
- Revised AASB 101 *Presentation of Financial Statements* (“AASB 101”) introduces as a financial statement (formerly “primary” statement) the “statement of comprehensive income”. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group’s 30 June 2010 financial statements. This revision to the standard is only expected to impact disclosures contained within the financial report;
- Revised AASB 3 *Business Combinations* (“AASB 3”) changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Revised AASB 127 *Consolidated and Separate Financial Statements* (“AASB 127”) changes the accounting for investments in subsidiaries. The revised AASB 3 and AASB 127 must be early adopted together. As there were no acquisitions during the year, the Group does not expect early adoption would have a material impact on the financial report;
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group’s 30 June 2010 financial conditions. The Group presently considers that the amending standard will not have a material effect on the Group’s future financial report.

(c) Basis of consolidation

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

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(i) Subsidiaries

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

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

(ii) Associates

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. The Group's share of movements in reserves is recognised directly in consolidated reserves. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

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

(iii) Partnerships

In the consolidated financial statements, investments in partnerships are accounted for using equity accounting principles. Investments in partnerships are carried at the lower of the equity accounted amount and recoverable amount after adjustment for revisions arising from notional adjustments made at the date of acquisition.

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

(iv) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with associates and partnerships are eliminated to the extent of the Group's interest in the entity.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

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

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and the effective portion of related hedges are taken to the reserve. They are released to profit or loss as an adjustment to profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned or likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(e) Derivative financial instruments

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

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (refer Note 1(f)).

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Hedging

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

(i) Cash flow hedges

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

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

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

(ii) Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is recognised directly in equity. The ineffective portion is recognised immediately in the Income Statement.

(g) Property, Plant and Equipment

(i) Owned assets

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

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

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

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

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

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

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

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

(ii) Investment properties

Investment properties comprise land and buildings which are held for long term rental yields or for capital appreciation, or both, and are not occupied by the Group. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. When a property is reclassified to an investment property following a change in its use, any difference at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised directly to the investment property revaluation reserve, if it is a gain. Any decrease in value is recognised in the Income Statement.

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

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

(iii) Leased assets

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

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(iv) Subsequent costs

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

(v) Depreciation

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

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

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

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

(h) Intangible assets

(i) Goodwill

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

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

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

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

The carrying amount of goodwill in respect of associates is included in the carrying amount of the investment in the associate.

(ii) Construction rights

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

(iii) Other intangible assets

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

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

Software costs for mainframe application and major operating systems are amortised over a 4 to 5 year period on a straight-line basis.

(i) Recoverable amount of assets

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

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the Income Statement unless the asset or its cash-generating unit has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation, with any excess recognised through the Income Statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

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

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

Gains or losses on available-for-sale investments are recognised as a separate component of equity in the available-for-sale investments revaluation reserve until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement. An impairment loss recognised in the Income Statement in respect of an available-for-sale investment is not reversed through the Income Statement.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Work in progress is valued at cost. Cost is based on the first-in-first-out principle and includes expenditure incurred in bringing inventories to their existing condition and location. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

(l) Contract work-in-progress

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

(m) Cash and cash equivalents

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

(n) Receivables

Trade and other receivables are stated at their amortised cost less an allowance for impairment losses. Where the payment terms for the sale of an asset are deferred, the receivable is discounted using the prevailing rate for a similar instrument of an issuer with similar credit terms. The unwinding of the discount is treated as finance revenue.

(o) Payables

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

(p) Borrowings

Interest bearing and non-interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

(q) Provisions

(i) Employee benefits

Provision is made for employee benefits including annual leave for employees and the retirement benefits for qualifying non-executive directors. The provision represents the amount which the Group has a present obligation to pay resulting from the employees' services provided up to the reporting date. The provisions expected to be settled within 12 months have been calculated at undiscounted amounts based on the remuneration rates the employer expects to pay after the reporting date and includes related on-costs.

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

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

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

(ii) Onerous contracts

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

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

(iii) Decommissioning of leasehold improvements

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

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

(iv) Other

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

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(r) Superannuation plans

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

(s) Share-based payment transaction — employee share and option plans

(i) Executive Performance Share Plan

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

The fair value of performance shares granted under the Executive Performance Share Plan is recognised as an employee expense over the period during which the employees become unconditionally entitled to the shares. There is a corresponding increase in equity, being recognition of a share-based payments reserve. The fair value of performance shares granted is measured at grant date. The fair value of the shares was determined using the Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were granted.

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

Performance shares are subject to performance hurdles. The performance shares are recognised in the Balance Sheet as restricted ordinary shares. Performance shares are included within the weighted average number of shares used as the denominator for determining basic earnings per share and net tangible asset backing per share.

The Company incurs expenses on behalf of the trust. These expenses are in relation to administration costs of the trust and are recorded in the Income Statement as incurred.

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

(ii) Management Share Option Plan

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

(iii) Employee Share Plan

The Company has in prior years issued shares to certain employees under an employee share plan. No shares have been issued under this plan since February 1998. Other than costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the Group.

(t) Revenue recognition

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

(i) Sale of goods

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

(ii) Rendering of services

Revenue from rendering services is recognised in the period in which the service is provided. Revenue not yet recognised because the service is yet to be provided, is shown on the Balance Sheet under other liabilities as deferred revenue.

(iii) Finance revenue

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

(iv) Rental income

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

(v) Sale of non-current assets

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

(vi) Customer loyalty programme

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

(u) Goods and services tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(v) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and lease finance charges. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate applicable to the entity's borrowings during the period.

(w) Taxation

(i) Income tax

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

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

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

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

(ii) Tax consolidation regime

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

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

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

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

(x) Segment reporting

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

(y) Earnings per share

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

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

(z) Accounting estimates and judgements

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

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

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Recoverable value of plant and equipment

The Group has undertaken assessments of whether plant and equipment at cinema sites could be deemed to be impaired. These assessments involve an estimation of future trading performance to determine the recoverable amounts.

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

Contingent assets and liabilities

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

Critical accounting judgements in applying the Group's accounting policies — investment properties

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

(AA) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Income Statement is restated as if the operation had been discontinued from the start of the comparative period.

NOTE 2 — SEGMENT REPORTING

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

Inter-segment pricing is on an arm's length basis.

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

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

Business segments

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

Cinema Exhibition Domestic

Includes the Australian cinema exhibition operations.

Cinema Exhibition International

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

Entertainment Technology

Includes theatre equipment supply and servicing and the manufacture of film processors and related equipment and the Group's investment in the Atlab group.

Hotels

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

Thredbo Alpine Resort

Includes all the operations of the resort including property development activities.

Leisure/Attractions

Includes ancillary leisure and other activities including Featherdale Wildlife Park and The State Theatre. The sale of Pier 26 Bar & Café was completed in the prior year on 25 June 2007, refer Discontinued Operations — Note 5.

Strategic Investments

Includes the Groups' 50% interest in Roadshow Distributors Pty Limited to the date of sale of that interest being 15 August 2007, refer Discontinued Operations — Note 5.

Property and Other Investments

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

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The Group operates in Australia and New Zealand, Europe and the United Arab Emirates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition Inter- national	Enter- tainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Con- solidated	Less: Dis- continued Operations	Cons- olidated Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2008											
Business segments											
Revenue and other income											
External segment revenue	116,014	287,179	16,668	123,423	51,774	8,282	64,381	10,240	677,961	(64,381)	613,580
Other income	—	1,481	5	54	8	—	—	402	1,950	—	1,950
Finance income									3,354	—	3,354
Other unallocated revenue									644	—	644
Total revenue and other income									683,909	(64,381)	619,528
Result											
Segment result	10,960	(781)	(69)	30,871	14,938	974	—	3,146	60,039	—	60,039
Share of net profit and profit on sale of equity accounted business undertakings	23,333	16,035	(4,012)	(10)	—	—	66,496	—	101,842	(66,496)	35,346
	34,293	15,254	(4,081)	30,861	14,938	974	66,496	3,146	161,881	(66,496)	95,385
Unallocated revenue and expenses									(13,059)	—	(13,059)
Net financing costs									(1,999)	—	(1,999)
Profit before related income tax expense									146,823	(66,496)	80,327
Income tax expense									(47,308)	26,404	(20,904)
Profit after income tax expense									99,515	(40,092)	59,423
Minority interest									(146)	—	(146)
Net profit									99,369	(40,092)	59,277
Depreciation and amortisation	(6,121)	(8,105)	(71)	(6,494)	(4,440)	(425)	—	(2,962)	(28,618)	—	(28,618)
Impairment write-downs	—	(1,156)	—	—	—	—	—	—	(1,156)	—	(1,156)
Impairment write-back	—	1,481	—	—	—	—	—	—	1,481	—	1,481
30 June 2008											
Individually significant items											
Other income											
Profit on sale of equity accounted investment (Roadshow Distributors Pty Limited)	—	—	—	—	—	—	64,381	—	64,381	(64,381)	—
Write-back in provision for onerous contracts relating to lease for closed cinema sites	—	2,266	—	—	—	—	—	—	2,266	—	2,266
Individually significant items in equity accounted results											
Profit on sale of equity accounted 33.3% interest in a cinema site in The Netherlands	—	6,691	—	—	—	—	—	—	6,691	—	6,691
Impairment write-down in the equity accounted carrying value of Atlab Holdings Pty Limited	—	—	(4,253)	—	—	—	—	—	(4,253)	—	(4,253)
	—	8,957	(4,253)	—	—	—	64,381	—	69,085	(64,381)	4,704

NOTE 2 – SEGMENT REPORTING CONTINUED

	Cinema Exhibition Domestic	Cinema Exhibition Inter- national	Enter- tainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Con- solidated	Cons- olidated Continuing Operations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
30 June 2008											
Assets											
Segment assets	91,528	84,121	9,211	222,079	47,579	7,433	—	136,303	598,254	598,254	
Equity accounted investments	101,227	13,895	1,747	1,809	—	—	—	—	118,678	118,678	
Unallocated corporate assets									35,602	35,602	
Consolidated total assets									752,534	752,534	
Liabilities											
Segment liabilities	36,788	64,976	6,507	14,808	6,432	535	—	—	130,046	130,046	
Unallocated corporate liabilities									57,447	57,447	
Consolidated total liabilities									187,493	187,493	
Acquisitions of non-current assets	10,487	1,300	162	14,627	2,626	49	—	6,024	35,275	35,275	
Secondary reporting – geographical segments				Australia & NZ \$'000		Europe \$'000		Other \$'000		Consolidated \$'000	
External segment revenue				326,401		287,179		—		613,580	
Segment assets by location of assets				654,518		87,149		10,867		752,534	
Acquisitions of non-current assets				33,975		1,300		—		35,275	
	Cinema Exhibition Domestic	Cinema Exhibition Inter- national	Enter- tainment Technology	Hotels	Thredbo Alpine Resort	Leisure/ Attractions	Strategic Investments	Property and Other Investments	Con- solidated	Less: Dis- continued Operations	Cons- olidated Continuing Operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2007											
Business segments											
Revenue and other income											
External segment revenue	110,756	287,692	17,360	110,190	49,609	13,720	—	9,694	599,021	(5,030)	593,991
Other income	2,237	—	110	37	10	7,476	—	25,665	35,535	(7,476)	28,059
Finance income									1,312	—	1,312
Other unallocated revenue									513	—	513
Total revenue and other income									636,381	(12,506)	623,875
Result											
Segment result	15,675	(9,879)	274	24,732	11,888	9,272	—	29,201	81,163	(8,501)	72,662
Share of net profit of equity accounted business undertakings	18,402	8,105	2,744	375	—	—	15,112	—	44,738	(15,112)	29,626
	34,077	(1,774)	3,018	25,107	11,888	9,272	15,112	29,201	125,901	(23,613)	102,288
Unallocated revenue and expenses									(10,676)	—	(10,676)
Net financing costs									(12,793)	—	(12,793)
Profit before related income tax expense									102,432	(23,613)	78,819
Income tax expense									(20,261)	333	(19,928)
Profit after income tax expense									82,171	(23,280)	58,891
Minority interest									24	—	24
Net profit									82,195	(23,280)	58,915
Depreciation and amortisation	(5,425)	(9,719)	(78)	(5,112)	(4,891)	(626)	—	(2,921)	(28,772)	198	(28,574)
Impairment write-downs	—	—	—	—	—	—	—	—	—	—	—
Impairment write-back	—	—	—	—	—	—	—	—	—	—	—

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 3 — REVENUE AND OTHER INCOME					
Revenue					
Sale of goods		161,581	152,322	—	—
Rendering of services		409,287	401,558	—	—
		570,868	553,880	—	—
Finance revenue:					
Interest income — associates		8	3	—	—
Interest income — controlled entities	38	—	—	27,896	21,143
Interest income — bank deposits		1,409	1,309	—	—
Interest income — other persons		196	—	—	—
Total interest income		1,613	1,312	27,896	21,143
Net change in fair value of cash flow hedges transferred from equity		1,582	—	—	—
Notional interest		159	—	—	—
		3,354	1,312	27,896	21,143
Rental revenue:					
Associates	38	271	257	—	—
Other persons		21,997	21,890	—	—
		22,268	22,147	—	—
Dividends received and receivable from:					
Controlled entities		—	—	45,007	7
Available-for-sale financial assets		455	2,717	1,402	1,492
		455	2,717	46,409	1,499
Management and consulting fees received and receivable from:					
Associates	38	647	1,180	500	500
Controlled entities	38	—	—	9,631	9,031
Partnerships	36	5,273	5,228	—	—
Other persons		14,277	11,273	—	—
		20,197	17,681	10,131	9,531
Sundry revenue		891	796	144	14
Other Income					
Disposal of available-for-sale financial assets transferred from equity		—	18,069	—	3,779
Disposal of equity accounted investments		—	1,759	—	—
Profit on sale of business		—	110	—	—
Profit on sale of property, plant and equipment		14	525	—	(1)
Increase in fair value of investment properties		—	4,879	—	—
Property, plant and equipment impairment write-back		1,481	—	—	—
Total other income		1,495	25,342	—	3,778
Total revenue and other income		619,528	623,875	84,580	35,965
Revenue and other income including share of sales revenue for partnerships:					
Revenue as listed above		619,528	623,875	84,580	35,965
Partnerships*	36	176,798	167,329	—	—
		796,326	791,204	84,580	35,965

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 4 – PROFIT BEFORE INCOME TAX					
(a) Expenses and losses/(gains)					
Profit before income tax has been arrived at after charging/ (crediting) the following items:					
Cost of goods sold		46,552	45,510	—	—
Finance costs:					
Interest expense — associates		361	1,642	—	—
Interest expense — controlled entities	38	—	—	18,495	12,020
Bank interest and finance costs		3,951	10,843	—	—
Interest and finance costs — other persons		33	12	—	10
Finance charges on capitalised leases		818	1,125	—	—
Total interest expense and finance charges		5,163	13,622	18,495	12,030
Unwind of notional interest		190	483	—	—
		5,353	14,105	18,495	12,030
Net bad and doubtful debts expense including movement in the doubtful debts allowance		452	(286)	—	—
Amortisation of:					
Intangible assets		1,788	1,226	58	69
Leased plant and equipment		116	82	—	—
Leasehold buildings		3,009	3,416	—	—
Other		221	151	—	—
		5,134	4,875	58	69
Depreciation		23,484	23,699	46	40
Total depreciation and amortisation		28,618	28,574	104	109
Impairment write-downs:					
Property, plant and equipment		1,156	—	—	—
Increase/(decrease) in provision for:					
Onerous contracts		(4,348)	2,734	—	—
Insurance loss contingencies and other		(23)	(378)	—	—
Provision for decommissioning		57	—	—	—
Support of related entities		—	(852)	—	—
		(4,314)	1,504	—	—
Employee expenses:					
Employee benefits provisions		6,746	7,254	417	536
Share-based payments expense		1,410	477	977	306
Salaries and wages		136,237	130,854	6,677	6,112
Superannuation		6,091	5,653	259	264
Total employee expenses		150,484	144,238	8,330	7,218
Net foreign exchange (gains)/losses		75	(61)	—	—
Operating lease rental expense		97,840	99,831	58	35
Loss on sale of property, plant and equipment		264	202	—	—

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 4 — PROFIT BEFORE INCOME TAX CONTINUED				
(b) Individually significant items				
Profit before income tax includes the following revenues/(expenses) whose disclosure is relevant in explaining the financial performance of the Group:				
Other Income				
Dividend from a listed company	—	2,287	—	—
Profit on sale of investments in listed companies	—	18,069	—	3,779
Other Expenses				
Write-back/(provision) for onerous contracts relating to lease for closed cinema sites	2,266	(3,300)	—	—
Impairment write-down in the carrying value of investment	—	—	(12,250)	—
Settlement of legal claim not recoverable from insurance due to collapse of HIH Insurance	—	(1,424)	—	—
Individually significant items in equity accounted results				
Profit on sale of equity accounted 33.3% interest in a cinema site in The Netherlands	6,691	—	—	—
Impairment write-down in the equity accounted carrying value of Atlab Holdings Pty Limited	(4,253)	—	—	—
Share of impairment write-down in carrying value of underperforming cinema sites in partnerships	—	(2,590)	—	—
Individually significant items relating to discontinued operations				
Profit on sale of equity accounted investment — Roadshow Distributors Pty Limited	64,381	—	—	—
Profit on sale of Pier 26 Bar and Café business	—	7,476	—	—
	69,085	20,518	(12,250)	3,779

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 5 – DISCONTINUED OPERATIONS

2008

On 15 August 2007 the Company sold its 50% shareholding in Roadshow Distributors Pty Limited, an associate as at 30 June 2007. This was not shown as a discontinued operation at the end of the prior financial year (30 June 2007) and the comparative Income Statement for the year ended 30 June 2007 has been re-presented to show the discontinued operation separately from continuing operations.

2007

The sale of the Pier 26 Bar and Café business was completed on 25 June 2007.

Analysis of profit and loss of discontinued operations

	THE GROUP	
	2008 \$'000	2007 \$'000
Revenue from sale of goods	—	4,296
Revenue from rendering of services	—	38
Rental revenue	—	696
Total revenue	—	5,030
Advertising, commissions and marketing expenses	—	(60)
Depreciation and amortisation	—	(198)
Employee expenses	—	(1,412)
Occupancy expenses	—	(480)
Purchases and other direct expenses	—	(1,218)
Other expenses	—	(637)
Total expenses	—	(4,005)
	—	1,025
Share of associate's net profit accounted for using the equity method	2,115	15,112
Profit before income tax	2,115	16,137
Income tax expense	—	(333)
Profit after income tax for discontinued operations	2,115	15,804
Gain on sale of discontinued operations	64,381	7,476
Tax on gain on sale	(26,404)	—
Profit for the period	40,092	23,280

During the 12 months to 30 June 2008, the discontinued operations had cash inflows from operating activities of \$nil (2007: \$1,223,000), cash inflows from investing activities on disposal of \$95,000,000 (2007: \$22,529,000) and cash inflows from financing activities of \$nil (2007: \$10,000,000).

	THE GROUP		PARENT ENTITY	
	2008 \$	2007 \$	2008 \$	2007 \$
NOTE 6 – AUDITORS' REMUNERATION				
Audit services:				
Auditors of the Company — KPMG Australia				
Audit and review of financial reports	886,590	858,091	315,903	314,886
Other assurance services	23,330	40,856	—	—
Overseas KPMG firms				
Audit and review of financial reports	375,752	412,612	—	—
	1,285,672	1,311,559	315,903	314,886
Other services:				
Auditors of the Company — KPMG Australia				
Income tax compliance	147,169	169,976	95,555	94,075
Indirect tax compliance advice	40,571	135,990	14,325	13,830
	187,740	305,966	109,880	107,905

	THE GROUP		PARENT ENTITY	
	2008 \$	2007 \$	2008 \$	2007 \$
NOTE 6 – AUDITORS’ REMUNERATION CONTINUED				
Overseas KPMG firms				
International income tax compliance	125,296	126,883	—	—
Indirect tax compliance advice	33,826	49,300	—	—
Revenue certificates compliance	3,595	3,446	—	—
Other taxation services	103,530	117,284	—	—
	266,247	296,913	—	—
	453,987	602,879	109,880	107,905
	2008 \$’000	2007 \$’000	2008 \$’000	2007 \$’000
NOTE 7 – TAXATION				
(a) Income tax expense				
The major components of income tax expense/(benefit) are:				
Income Statement				
Income tax expense reported	20,904	19,928	254	126
Income tax attributable to discontinued operations	26,404	333	—	—
	47,308	20,261	254	126
Current income tax				
Current income tax expense/(benefit)	40,238	16,638	(6,183)	(1,851)
Adjustments in respect of current income tax of prior year	320	328	44	76
Deferred income tax				
Relating to origination and reversal of temporary differences	6,750	3,295	6,393	1,901
Income tax expense reported in the Income Statement	47,308	20,261	254	126
Income tax charged/credited to Equity				
<i>Deferred income tax related to items charged or credited directly to equity:</i>				
Net loss/(gain) on revaluation of cash flow hedges	459	(279)	—	—
Unrealised loss/(gain) on available-for-sale investments	924	(2,701)	924	(650)
Reversal of available-for-sale investments revaluation reserve on realisation of investment	—	4,776	—	861
Adjustment to shared-based payments reserve	76	18	76	18
Net (gain)/loss on hedge of net investment in overseas subsidiaries	(2)	5	—	—
Income tax benefit reported in equity	1,457	1,819	1,000	229
Reconciliation between income tax expense and pre-tax net profit				
A reconciliation between income tax expense and accounting profit before income tax multiplied by the Group’s applicable income tax rate is as follows:				
Profit before tax from continuing operations	80,327	78,819	42,276	14,259
Profit before tax from discontinued operations	66,496	23,613	—	—
Accounting profit before income tax expense	146,823	102,432	42,276	14,259

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 7 – TAXATION CONTINUED				
Prima facie income tax expense calculated at the Group's statutory income tax rate of 30% on the accounting profit	44,047	30,730	12,683	4,278
Increase in income tax expense due to:				
Depreciation and amortisation of buildings	710	677	—	—
Share of non-deductible items in partnerships' income tax	117	227	—	—
Tax losses of non-resident controlled entity not carried forward as deferred tax asset	1,424	4,095	—	—
Capital losses not recognised or utilised	—	1,358	—	—
Non-refundable franking credits grossed up	180	1,137	180	192
Dividends from equity accounted associates	300	1,833	—	—
Impairment write-down of associate carrying value	1,276	—	3,675	—
Share based payments not deductible for tax	413	120	293	92
Net higher overseas tax rate	90	217	—	—
Sundry items	19	—	45	—
	4,529	9,664	4,193	284
Decrease in income tax expense due to:				
Franking credits on dividends received	172	1,164	172	210
Franking credits on dividends received from equity accounted associates	429	2,625	429	429
Dividends received from controlled entities	—	—	13,502	—
Share of associates' net profit	5,514	7,901	—	—
Capital profits offset by capital losses	19,314	8,329	—	1,156
Capital losses recognised or utilised	2,563	—	2,563	2,654
Sundry items	—	775	—	63
	27,992	20,794	16,666	4,512
Income tax underprovided in prior year	320	328	44	76
	20,904	19,928	254	126
(b) Current tax liabilities				
Provision for current income tax				
Movements during the year:				
Balance at the beginning of the year	4,779	6,299	4,523	6,857
Income tax paid	(20,095)	(18,733)	(18,851)	(17,576)
Current year income tax provided	40,337	16,581	(6,183)	(1,851)
Current year's income tax provision in respect of controlled entities taken up by Parent Entity	—	—	44,882	16,809
Tax refunds received	—	208	—	208
Underprovision in prior year	331	424	45	76
	25,352	4,779	24,416	4,523

	BALANCE SHEET THE GROUP		INCOME STATEMENT THE GROUP	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 7 – TAXATION CONTINUED				
(c) Deferred Income Tax				
Deferred tax liabilities – The Group				
Deferred tax liabilities comprise:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	7,607	3,972	3,635	597
Difference in treatment of property lease for accounting and tax purposes	1,675	–	1,675	–
Investment properties	3,760	4,217	(457)	1,501
Available-for-sale investments	1,666	2,590	–	–
Interest and holding charges capitalised	740	802	(62)	(148)
Fair value of cash flow hedges	7	466	–	(5)
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	1,217	995	222	174
Prepayments	121	200	(79)	16
Share based payments deductible for tax but deferred and amortised for accounting purposes	881	560	397	578
Share of partnership timing differences	1,140	1,148	(8)	(548)
Sundry items	315	136	179	(131)
	19,129	15,086		
Less: Deferred tax liabilities of the tax-consolidated group offset against deferred tax assets	(11,567)	(13,843)		
	7,562	1,243		
Deferred tax assets – The Group				
Deferred tax assets comprise:				
Provisions and accrued employee benefits not currently deductible	4,571	4,722	151	1,670
Unrealised foreign exchange losses not currently deductible	182	156	(26)	(107)
Unrealised foreign exchange differences on hedge of net investment	4	6	–	–
Deferred revenue	1,616	1,740	124	417
Difference in depreciation and amortisation of property, plant and equipment and intangible assets for accounting and income tax purposes	6,496	3,146	(3,350)	(158)
Lease termination payment not currently deductible	630	840	210	(840)
Share of partnership timing differences	6,431	5,450	(981)	(1,007)
Tax losses carried forward	991	–	(991)	–
Capital losses carried forward	–	6,023	6,023	1,359
Sundry items	316	404	88	(73)
	21,237	22,487		
Less: Deferred tax liabilities of the tax-consolidated group offset against deferred tax assets	(11,567)	(13,843)		
	9,670	8,644		
Deferred tax income – The Group			6,750	3,295

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	BALANCE SHEET PARENT ENTITY		INCOME STATEMENT PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 7 – TAXATION CONTINUED				
Deferred tax liabilities – Parent Entity				
Deferred tax liabilities comprise:				
Share-based payment deductible for tax but deferred and amortised for accounting purposes	881	560	397	578
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	5	13	(8)	(1)
Other investments	1,666	2,590	—	—
	2,552	3,163		
Less: Deferred tax liabilities offset against deferred tax assets	(555)	(3,163)		
	1,997	—		
Deferred tax assets – Parent Entity				
Deferred tax assets comprise:				
Provisions and accrued employee benefits not currently deductible	525	503	(22)	(41)
Capital losses carried forward	—	6,023	6,023	1,358
Sundry items	30	33	3	7
	555	6,559		
Less: Deferred tax liabilities offset against deferred tax assets	(555)	(3,163)		
	—	3,396		
Deferred tax income – Parent Entity			6,393	1,901

At 30 June 2008, a deferred tax liability relating to investments in subsidiaries has not been recognised because the Parent Entity controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Unrecognised deferred tax assets				
Revenue losses – foreign	36,513	49,596	—	—
Temporary differences – foreign	6,381	3,470	—	—
	42,894	53,066	—	—

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

Included in the deferred tax assets not recognised is the gross value of tax revenue losses arising in Germany of \$121,709,000 (2007: \$130,516,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law.

At 30 June 2008, there is no recognised deferred income tax liability (2007: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates.

Tax consolidation

The Parent Entity and its wholly owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2002. Amalgamated Holdings Limited (Parent Entity) is the head entity for the tax-consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate current and deferred tax amounts to the wholly owned subsidiaries using a "group allocation method approach". The Parent Entity recognises deferred tax assets arising from unused tax losses (including capital losses) of the tax-consolidated group to the extent that it is probable that future taxable profits (including capital gains) of the tax-consolidated group will be available against which the asset can be utilised. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

NOTE 7 – TAXATION CONTINUED

Tax funding arrangement for members of the tax consolidated group

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

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

NOTE 8 – DIVIDENDS

	Per share	Total amount	Date of payment	Tax rate for franking credit	Percentage franked
	Cents	\$'000			
Dividends on ordinary shares paid by the Company during the year are:					
2008					
Final 2007 dividend paid	18	23,061	20 September 2007	30%	100%
Interim 2008 dividend paid	11	14,202	13 March 2008	30%	100%
		37,263			
2007					
Final 2006 dividend paid	16	20,195	21 September 2006	30%	100%
Interim 2007 dividend paid	10	12,793	15 March 2007	30%	100%
		32,988			
Subsequent events					
Since the end of the financial year, the directors declared the following dividend:					
Final 2008 dividend	19	24,536	25 September 2008	30%	100%

The financial effect of this final dividend in respect of the year has not been brought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

There are no shareholders' dividend plans in operation.

	PARENT ENTITY	
	2008 \$'000	2007 \$'000
Franking credit balance		
The amount of franking credits available are:		
Franking account balance as at the beginning of the financial year at 30% (2007: 30%)	110,723	102,250
Franking credits from the payment of income tax and income tax payable	39,065	15,018
Franking debits from the payment of dividends	(15,970)	(14,137)
Franking credits from the receipt of dividends	601	7,592
The amount of franking credits available for future reporting periods	134,419	110,723

The impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period is to reduce the balance by \$10,515,000 (2007: \$9,881,000).

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 9 – EARNINGS PER SHARE

Classification of securities as potential ordinary shares

Options outstanding under the Management Share Option Plan that have dilutive potential have been classified as potential ordinary shares and included in the calculation of diluted earnings per share.

Further details of options are contained in Note 29.

	THE GROUP	
	2008 \$'000	2007 \$'000
Earnings reconciliation		
Profit after tax from continuing operations	59,423	58,891
Less: Profit/(loss) after tax attributable to minority interest	146	(24)
Basic earnings – continuing operations	59,277	58,915
Basic earnings – discontinued operations	40,092	23,280
Earnings attributable to members of the Parent Entity	99,369	82,195
	Number	Number
Weighted average number of ordinary shares used as the denominator number for basic earnings per share	128,522,733	127,195,840
Effect of management share options on issue	322,090	568,481
Number for diluted earnings per share	128,844,823	127,764,321

NOTE 10 – CASH AND CASH EQUIVALENTS

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash at bank and on hand		28,472	21,800	176	186

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

NOTE 11 – RECEIVABLES

Current

Trade receivables		20,275	22,742	—	—
Less: impairment of trade receivables		(2,223)	(1,774)	—	—
		18,052	20,968	—	—
Other receivables		12,592	13,366	—	—
Receivable from associates		—	99	357	254
Receivable from partnerships		3,710	1,682	—	—
Receivable from controlled entities	38	—	—	10,831	5,995
		34,354	36,115	11,188	6,249

Non-current

Trade receivables		261	807	—	—
Receivable from associates		43	43	—	—
Receivable from controlled entities	38	—	—	180,894	338,014
Present value of loans provided under the employee share plan		349	421	349	421
		653	1,271	181,243	338,435

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 28.

NOTE 11 – RECEIVABLES CONTINUED

Allowances are made for impairment losses until such time that the Group is satisfied that no recovery of the amount owing is possible at that point the amount considered irrecoverable is written off against the asset directly.

As at 30 June 2008, trade receivables with a value of \$2,223,000 (2007: \$1,774,000) were impaired and fully provided for. Movements in the allowance for trade receivables are as follows:

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at 1 July	1,774	2,937	—	—
Charge for the year	568	719	—	—
Provision no longer required	(155)	(1,745)	—	—
Net foreign currency differences on translation of foreign operations	36	(137)	—	—
	2,223	1,774	—	—

As at 30 June 2008, the analysis of trade receivables for the Group that were past due but not impaired is as follows:

	THE GROUP	
	2008 \$'000	2007 \$'000
Not past due nor impaired	14,575	14,746
Less than 30 days overdue	1,347	3,003
More than 30 days overdue but less than 90 days overdue	419	917
More than 90 days overdue	1,711	2,302
	18,052	20,968

All other receivables do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be recovered when due.

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

NOTE 12 – INVENTORIES

Raw materials and stores		2,984	3,660	—	—
Work-in-progress		3,472	2,186	—	—
Finished goods		5,484	4,768	—	—
Total inventories at the lower of cost and net realisable value		11,940	10,614	—	—

NOTE 13 – OTHER CURRENT ASSETS

Prepayments		3,991	5,093	68	28
Derivatives at fair value	28	397	2,066	—	—
Sundry		284	177	—	—
		4,672	7,336	68	28

NOTE 14 – OTHER FINANCIAL ASSETS

Investments (unquoted):					
Controlled entities	34	—	—	37,189	37,189
Associates	16	—	—	1,500	13,750
Other entities		502	502	—	—
		502	502	38,689	50,939

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

During the year, an impairment loss was recognised in respect of the Company's investment in Atlab Holdings Pty Limited. Refer Note 35 for details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 15 – AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Investments in listed companies	10,610	13,692	10,610	13,692

The Group's equity investments are listed on the Australian Securities Exchange. For investments classified as available-for-sale, a 10% increase in the market price of the shares at the reporting date would have increased equity by \$743,000 after tax (2007: an increase of \$958,000); an equal change in the opposite direction would have decreased equity by \$743,000 after tax (2007: a decrease of \$958,000).

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 16 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Associates	35	17,451	88,873	—	—
Partnerships	36	101,227	108,456	—	—
		118,678	197,329	—	—

The Group accounts for investments in associates and partnerships using the equity method.

During the year, an impairment loss was recognised in respect of the Groups' investment in Atlab Holdings Pty Limited. Refer Note 35 for details.

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
At cost	355,063	351,474	—	—
Less: Accumulated depreciation	(49,646)	(46,245)	—	—
	305,417	305,229	—	—
Land subject to long term leases				
At cost — subject to long term lease	56	56	—	—
At cost — subject to long term finance lease	7,582	7,323	—	—
	7,638	7,379	—	—
Buildings and improvements subject to long term leases				
At cost — on land subject to long term lease	43,745	52,416	—	—
At cost — other leasehold improvements	27,588	23,905	—	—
At cost — subject to long term finance lease	24,561	23,724	—	—
	95,894	100,045	—	—
Less: Accumulated amortisation	(34,489)	(41,084)	—	—
	61,405	58,961	—	—
Capital work in progress				
At cost	7,478	5,198	5	—
Plant and equipment				
At cost	358,389	343,466	899	854
Less: Accumulated depreciation	(258,236)	(243,026)	(810)	(764)
	100,153	100,440	89	90
Leased plant and equipment				
At cost	2,088	2,088	—	—
Less: Accumulated amortisation	(1,422)	(1,201)	—	—
	666	887	—	—
Total property, plant and equipment at net book value	482,757	478,094	94	90

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 17 — PROPERTY, PLANT AND EQUIPMENT CONTINUED				
Reconciliations				
Summaries of the movements in carrying amounts of each class of property, plant and equipment between the beginning and end of the year are set out below:				
Freehold land and buildings				
At cost at the beginning of the year	351,474	305,294	—	—
Less: Accumulated depreciation at the beginning of the year	(46,245)	(42,722)	—	—
Net balance at the beginning of the year	305,229	262,572	—	—
Additions	5,768	44,100	—	—
Transfer from capital work in progress	783	100	—	—
Disposals	(19)	(113)	—	—
Net foreign currency differences on translation of foreign operations	(2,669)	1,957	—	—
Depreciation	(3,675)	(3,387)	—	—
Net balance at the end of the year	305,417	305,229	—	—
Land subject to long term leases				
At cost at the beginning of the year	7,379	7,969	—	—
Less: Accumulated depreciation at the beginning of the year	—	—	—	—
Net balance at the beginning of the year	7,379	7,969	—	—
Net foreign currency differences on translation of foreign operations	259	(590)	—	—
Net balance at the end of the year	7,638	7,379	—	—
Buildings and improvements subject to long term leases				
At cost at the beginning of the year	100,045	104,167	—	—
Less: Accumulated depreciation at the beginning of the year	(41,084)	(38,178)	—	—
Net balance at the beginning of the year	58,961	65,989	—	—
Additions	443	325	—	—
Acquisition through business acquired	—	485	—	—
Transfer from capital work in progress	4,507	22	—	—
Net foreign currency differences on translation of foreign operations	503	(1,549)	—	—
Disposals	—	(19)	—	—
Depreciation	(3,009)	(3,474)	—	—
Disposal through sale of business	—	(2,818)	—	—
Net balance at the end of the year	61,405	58,961	—	—
Capital work in progress				
Balance at the beginning of the year	5,198	1,778	—	—
Net foreign currency differences on translation of foreign operations	(52)	76	—	—
Additions	13,704	4,581	5	—
Transfer from capital works in progress	(11,372)	(1,237)	—	—
Balance at the end of the year	7,478	5,198	5	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 17 – PROPERTY, PLANT AND EQUIPMENT CONTINUED				
Plant and equipment				
At cost at the beginning of the year	343,466	351,727	854	844
Less: Accumulated depreciation at the beginning of the year	(243,026)	(241,602)	(764)	(726)
Net balance at the beginning of the year	100,440	110,125	90	118
Additions	12,973	13,899	44	16
Acquisitions through business acquired	—	58	—	—
Transfer from capital work in progress	6,160	1,002	—	—
Net foreign currency differences on translation of foreign operations	696	(2,634)	—	—
Disposals	(268)	(798)	—	(6)
Disposals through sale of business	—	(760)	—	—
Reclassification to software	(364)	—	—	—
Depreciation	(19,809)	(20,452)	(46)	(38)
Impairment write-back	1,481	—	—	—
Impairment carrying value adjustments	(1,156)	—	—	—
Net balance at the end of the year	100,153	100,440	89	90
Leased plant and equipment				
At cost at the beginning of the year	2,088	—	—	—
Less: Accumulated amortisation at the beginning of the year	(1,201)	—	—	—
Net balance at the beginning of the year	887	—	—	—
Transfers	(105)	—	—	—
Acquisition through entity acquired	—	969	—	—
Amortisation	(116)	(82)	—	—
Net balance at the end of the year	666	887	—	—

Independent valuations of land and buildings

In determining current values for the Group's interest in land and buildings and integral plant and equipment, including long-term leasehold land and improvements, directors have relied upon independent valuations from registered qualified valuers. Except for investment properties, which are revalued every year (refer Note 18), valuations are carried out on a progressive three year cycle. All business segments are not valued at the one time, the last valuations being completed as at 30 June 2006 and 30 June 2007.

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Most recent valuations of land and buildings, excluding investment properties				
Due to the diversity of the Group's operations, valuations have been prepared on a highest and best alternate use or existing use (going concern) basis. It is considered that these valuations best approximate the fair values of the properties at the dates of the valuations. A summary is set out as follows:				
Highest and best alternate use:				
Independent valuation — 2007	83,000	83,000	—	—
Existing use:				
Independent valuation — 2007	424,385	422,857	—	—
Independent valuation — 2006	227,278	231,246	—	—
	734,663	737,103	—	—

NOTE 17 — PROPERTY, PLANT AND EQUIPMENT CONTINUED

The written-down book value of assets, shown in the financial statements as plant and equipment and which are deemed integral to land and buildings, has been determined to total approximately \$49,000,000 as at 30 June 2008 (2007: \$43,000,000).

In determining the current value of land and buildings, the directors have not taken into account the potential impact of capital gains tax.

Impairment losses recognised

During the financial year, a decline in the trading performance at a number of cinema sites in Germany (Cinema Exhibition International segment) resulted in a reassessment of the recoverable amount of plant and equipment at those cinema sites. Based on this assessment, the carrying amount of plant and equipment at a number of cinema sites was written down by \$1,156,000 in the 2008 financial year (2007: \$nil). The estimated recoverable amounts were based on the plant and equipment value in use, determined using discount rates in the range of 10%–12.75% per annum.

Also during the period, an impairment write-down made in a prior period was partially written back by \$1,481,000. This write-back was deemed appropriate due to improved cash flow generated by the site resulting from lower rental costs and a general improvement in trading.

Security

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

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Freehold land and buildings	159,188	157,702	—	—
Investment properties	28,500	29,900	—	—
	187,688	187,602	—	—

Land and buildings subject to finance lease

The Group leases a property under a finance lease agreement. At the end of the lease, the Group has the option to purchase the property at no additional cost. If this option is not exercised, the Group can occupy the premises for a further five year period rent-free. At 30 June 2008, the net carrying amount of the property was \$28,668,000 (2007: \$28,467,000). The leased property secures lease obligations.

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 18 — INVESTMENT PROPERTIES				
Freehold land and buildings				
At fair value	28,500	29,900	—	—
Summary of movements in balance:				
Balance at the beginning of the year	29,900	24,900	—	—
Additions during the year	—	121	—	—
Fair value (decrements)/increments during the year	(1,400)	4,879	—	—
Balance at the end of the year	28,500	29,900	—	—

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

Investment properties comprise a number of commercial properties that are leased to third parties and which are held to derive rental income or capital appreciation or both. Each of the leases for investment properties contains an initial non-cancellable period of between five to 15 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged for these investment properties.

During the financial year ended 30 June 2008, \$2,219,000 (2007: \$2,169,000) was recognised as rental income for investment properties in the Income Statement with \$730,000 (2007: \$584,000) incurred in respect of direct costs, including \$100,000 (2007: \$43,000) for repairs and maintenance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 19 – GOODWILL AND OTHER INTANGIBLE ASSETS				
Goodwill	5,064	4,917	—	—
Construction rights	1,388	1,388	—	—
Liquor licences	185	185	—	—
	6,637	6,490	—	—
Management rights	6,097	5,865	—	—
Less: Accumulated amortisation	(1,129)	(413)	—	—
	4,968	5,452	—	—
Software	5,090	3,068	115	242
Less: Accumulated amortisation	(1,846)	(1,280)	(58)	(127)
	3,244	1,788	57	115
	14,849	13,730	57	115

Reconciliations

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

	Goodwill	Construction Rights	Liquor Licences	Management Rights	Software
	\$'000	\$'000	\$'000	\$'000	\$'000
2008 – The Group					
Gross balance at the beginning of the year	4,917	1,388	185	5,865	3,068
Accumulated amortisation and impairment losses at the beginning of the year	—	—	—	(413)	(1,280)
Net balance at the beginning of the year	4,917	1,388	185	5,452	1,788
Acquisitions	—	—	—	230	2,157
Transfer from plant and equipment	—	—	—	—	364
Amortisation	—	—	—	(715)	(1,073)
Net foreign currency differences on translation of foreign operations	147	—	—	1	8
Net balance at the end of the year	5,064	1,388	185	4,968	3,244
2007 – The Group					
Gross balance at the beginning of the year	11,220	1,388	263	865	9,611
Accumulated amortisation and impairment losses at the beginning of the year	—	—	—	(209)	(7,914)
Net balance at the beginning of the year	11,220	1,388	263	656	1,697
Acquisitions	—	—	—	5,000	1,176
Disposals	(5,974)	—	(78)	—	(47)
Amortisation	—	—	—	(203)	(1,023)
Net foreign currency differences on translation of foreign operations	(329)	—	—	(1)	(15)
Net balance at the end of the year	4,917	1,388	185	5,452	1,788

Impairment losses recognised

No impairment losses in relation to goodwill have been recognised in the year ended 30 June 2008 (2007: \$nil).

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 19 – GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED				
Impairment tests for cash-generating units containing goodwill				
The following units have significant carrying amounts of goodwill:				
Cinema partnership – Cinema Exhibition International	4,218	4,071	—	—
Multiple units without significant goodwill	846	846	—	—
	5,064	4,917	—	—

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

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 20 – OTHER NON-CURRENT ASSETS					
Security deposits in respect of long term operating leases		4,985	5,490	—	—
Wildlife		640	640	—	—
Sundry		1,252	1,066	—	—
		6,877	7,196	—	—

NOTE 21 – PAYABLES

Current

Trade creditors		30,930	32,985	—	—
Other creditors and accruals		36,965	32,606	766	721
		67,895	65,591	766	721

Non-current

Payables to associates		2	2	—	—
------------------------	--	---	---	---	---

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

NOTE 22 – INTEREST BEARING LIABILITIES AND BORROWINGS

Current

Interest bearing liabilities and borrowings

Bank loans	— secured	23	5,842	4,704	—	—
Loans from other companies	— unsecured		393	358	—	—
Loans from associates	— unsecured		848	35,253	—	—
Loans from other companies	— secured		458	589	—	—
Lease liabilities	— secured	30	4,405	4,385	—	—
Deferred financing costs			(242)	(206)	—	—
			11,704	45,083	—	—

Non-interest bearing loans

Loans from other companies	— unsecured		492	1,494	—	—
			12,196	46,577	—	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	THE GROUP		PARENT ENTITY		
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	
NOTE 22 – INTEREST BEARING LIABILITIES AND BORROWINGS CONTINUED						
Non-current						
Interest bearing liabilities and borrowings						
Bank loans	— secured	23	13,931	132,187	—	—
Lease liabilities	— secured	30	9,685	13,502	—	—
Loans from controlled entities		38	—	—	14,153	213,115
Deferred financing costs			(744)	(822)	—	—
			22,872	144,867	14,153	213,115
Non-interest bearing loans						
Loans from other companies	— unsecured		2,020	2,200	—	—
			24,892	147,067	14,153	213,115

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

NOTE 23 – FINANCING ARRANGEMENTS

Bank debt – secured

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

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

The above facilities mature on 10 July 2012. These facilities are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bear interest at the relevant inter-bank benchmark reference rate plus a margin of between 0.45% to 0.90%. At 30 June 2008, the Group had drawn \$13,931,000 (2007: \$132,187,000) under the debt facilities, of which 32% was subject to interest rate swaps used for hedging.

Other loans – International

In addition to the above facilities, wholly owned subsidiaries in Germany have working capital and bank guarantee facilities totalling €9,920,000 (A\$16,273,000) (secured by a letter of credit and bank guarantees drawn under the credit support facility in Australia), and additional working capital facilities totalling €5,340,000 (A\$8,760,000) supported by the Company. Debt drawn under these facilities bear interest at the relevant inter-bank benchmark reference rate plus a margin of between 0.35% to 2.0%. These facilities are subject to annual review. At 30 June 2008, the Group had utilised \$5,842,000 (2007: \$4,704,000).

Finance lease liability – International

A wholly owned subsidiary in Germany also has a property finance lease with a balance outstanding of \$13,849,000 (2007: \$17,194,000). The lease bears interest at the relevant inter-bank benchmark reference rate plus a margin of 1.75% and as at 30 June 2008 had interest rate swaps used for hedging applying to 82% of the balance outstanding (Refer also to Note 30).

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 24 – PROVISIONS					
Current					
Employee benefits	29	10,269	10,278	1,056	996
Onerous contracts		1,108	1,755	—	—
Insurance loss contingencies and other claims		348	586	—	—
		11,725	12,619	1,056	996
Non-current					
Employee benefits	29	2,513	2,323	695	682
Onerous contracts		113	3,714	—	—
Decommissioning of leasehold improvements		7,157	6,699	—	—
		9,783	12,736	695	682

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 24 – PROVISIONS CONTINUED				
Reconciliations				
Reconciliations of the carrying amounts of each class of provisions, except for employee benefits, are set out below:				
Onerous contracts				
Carrying amount at the beginning of the year	5,469	8,456	—	—
Provisions utilised during the year	(1,958)	(2,375)	—	—
Provisions for lease costs on closed cinema sites raised/(released)	(2,266)	3,300	—	—
Provisions for surplus leased space raised/(released)	(124)	231	—	—
Payments made on lease termination	—	(3,500)	—	—
Notional interest	—	154	—	—
Reduction made during the year	—	(797)	—	—
Net foreign currency differences on translation of foreign operations	100	—	—	—
Carrying amount at the end of the year	1,221	5,469	—	—
Insurance loss contingencies and other claims				
Carrying amount at the beginning of the year	586	2,505	—	—
Payments made during the year	(215)	(1,541)	—	—
Provisions made during the year	9	47	—	—
Reduction made during the year	(32)	(425)	—	—
Carrying amount at the end of the year	348	586	—	—
Decommissioning of leasehold improvements				
Carrying amount at the beginning of the year	6,699	7,046	—	—
Provisions made during the year	57	—	—	—
Notional interest	190	126	—	—
Net foreign currency differences on translation of foreign operations	211	(473)	—	—
Carrying amount at the end of the year	7,157	6,699	—	—
Support of related entities				
Carrying amount at the beginning of the year	—	852	—	—
Reduction made during the year	—	(852)	—	—
Carrying amount at the end of the year	—	—	—	—

Onerous contracts

The onerous contracts provision relates to a long term non-cancellable operating lease in respect of a hotel property and one cinema site in Germany that has been closed. The hotel lease has a further one year to run. Since entering into this lease, there has been a change in market conditions which has resulted in this lease being deemed onerous and therefore a provision has been raised for the forecast net deficit resulting from obligations under this lease. The cinema site lease also has a further one year to run. The basis of accounting is set out in Note 1(q)(ii).

Insurance loss contingencies and other claims

The provision relates to estimated costs to be incurred in respect of various claims that are expected to be settled within twelve months of the balance date.

Decommissioning of leasehold improvements

The decommissioning of leasehold improvements provision has been raised in respect of "make-good" obligations under long term lease contracts for cinema sites. In determining the provision, an assessment has been made, for each location, of the likelihood that a decommissioning cost will be incurred in the future and where applicable, the level of costs to be incurred. Uncertainty exists in estimating the level of costs to be incurred in the future because of the long-term nature of cinema leases. The basis of accounting is set out in Note 1(q)(iii).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 25 – OTHER LIABILITIES					
Current					
Deferred revenue		26,032	24,298	—	—
Derivatives at fair value	28	13	19	—	—
		26,045	24,317	—	—
Non-current					
Deferred revenue		2,041	3,733	—	—

	PARENT ENTITY		PARENT ENTITY	
	2008 Shares	2007 Shares	2008 \$'000	2007 \$'000
NOTE 26 – SHARE CAPITAL				
Share capital				
Fully paid ordinary shares	129,136,106	128,085,624	98,809	97,030
Movements in share capital				
Balance at the beginning of the year	128,085,624	126,148,002	97,030	92,203
Shares issued under the Management Share Option Plan	577,300	1,592,200	1,779	4,827
Performance shares issued under the Executive Performance Share Plan	473,182	345,422	—	—
Balance at the end of the year	129,136,106	128,085,624	98,809	97,030
Share capital consists of:				
Ordinary shares	128,125,334	127,549,324		
Employee share plan	177,220	183,620		
Tax exempt share plan	14,948	7,258		
Performance shares — restricted and held in trust	818,604	345,422		
Balance at the end of the year	129,136,106	128,085,624		

Ordinary shares

Effective 1 July 1998, the *Company Law Review Act 1998* abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

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

Share buy-back

There is no current on-market buy-back.

Dividend reinvestment plan

The dividend reinvestment plan has been suspended since 1993.

Employee and executive share plans

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

Options

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

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 27 — RESERVES AND RETAINED EARNINGS				
Reserves				
Available-for-sale investments revaluation	7,471	9,628	7,471	9,628
Investment property revaluation	3,553	3,553	—	—
Hedging	380	1,172	—	—
Share-based payments	3,012	1,444	3,012	1,444
Foreign currency translation	(9,239)	(4,374)	—	—
	5,177	11,423	10,483	11,072
Movements in reserves				
Available-for-sale investments revaluation reserve				
Balance at the beginning of the year	9,628	16,615	9,628	11,028
Movement in fair value — net of tax	(2,157)	6,337	(2,157)	1,419
Recognised in Income Statement for investments sold — net of tax	—	(13,324)	—	(2,819)
Balance at the end of the year	7,471	9,628	7,471	9,628
Investment property revaluation reserve				
Balance at the beginning of the year	3,553	3,553	—	—
Balance at the end of the year	3,553	3,553	—	—
Hedging reserve				
Balance at the beginning of the year	1,172	883	—	—
Movement in fair value of cash flow hedging instruments — net of tax	(1,208)	705	—	—
Share of associates' decrement in hedging reserve	—	(416)	—	—
Transfer to retained earnings	416	—	—	—
Balance at the end of the year	380	1,172	—	—
Share-based payments reserve				
Balance at the beginning of the year	1,444	898	1,444	898
Amount recognised in Income Statement as employee expense	1,410	477	977	306
Amount charged to related entities	76	28	509	199
Other adjustments	82	41	82	41
Balance at the end of the year	3,012	1,444	3,012	1,444
Foreign currency translation reserve				
Balance at the beginning of the year	(4,374)	(2,223)	—	—
Currency translation adjustment on controlled foreign entities' financial statements	(2,916)	(578)	—	—
Share of associates' decrement in foreign currency translation reserve	(1,788)	(1,573)	—	—
Transfer to retained earnings	(161)	—	—	—
Balance at the end of the year	(9,239)	(4,374)	—	—
General reserve				
Balance at the beginning of the year	—	—	—	—
Share of associates' decrement in general reserve	—	(2)	—	—
Transfer to retained earnings	—	2	—	—
Balance at the end of the year	—	—	—	—

Available-for-sale investments revaluation reserve

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 27 – RESERVES AND RETAINED EARNINGS CONTINUED

Investment property revaluation reserve

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

Hedging reserve

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

Share-based payments reserve

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

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge the Group's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation and the Group's share of associates' increment or decrement in the foreign currency translation reserve. Refer to accounting policy Note 1(d).

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Retained earnings				
Balance at the beginning of the year	398,981	349,776	84,991	103,846
Transfer from general reserve	—	(2)	—	—
Transfer from hedging reserve	(416)	—	—	—
Transfer from foreign currency translation reserve	161	—	—	—
Profit attributable to members of the Parent Entity	99,369	82,195	42,022	14,133
Dividends paid during year	(37,263)	(32,988)	(37,263)	(32,988)
Balance at the end of the year	460,832	398,981	89,750	84,991

NOTE 28 – FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Credit risk

Credit risk arises from trade and other receivables outstanding, cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. It is the risk of financial loss to the Group if a customer or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables from customers. For the Company, it arises principally from receivables due from subsidiaries.

Trade and other receivables

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

Exposure to credit risk is monitored on an ongoing basis. Management has established a credit policy under which each new customer requiring credit over a certain amount is analysed individually for creditworthiness before the Group's standard payment and conditions are offered.

Purchase limits are established for major customers, which represents the maximum open amount without requiring approval from management.

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

NOTE 28 — FINANCIAL RISK MANAGEMENT CONTINUED

Investments

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

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Balance Sheet.

Guarantees

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

The Group's exposure

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

	Note	THE GROUP	
		2008 \$'000	2007 \$'000
Available-for-sale financial assets	15	10,610	13,692
Receivables	11	35,007	37,386
Cash and cash equivalents	10	28,472	21,800
Security deposits in respect of long-term leases	20	4,985	5,490
Interest rate swaps used for hedging	13	372	2,066
Forward exchange contracts used for hedging	13	25	—
		79,471	80,434
The maximum exposure to credit risk for receivables at the reporting date by geographic region was:			
Domestic		25,059	24,329
New Zealand		1,207	1,560
Germany and other Euro-zone countries		8,728	11,431
United Kingdom		13	66
		35,007	37,386
The maximum exposure to credit risk for receivables by business segment at the reporting date was:			
Cinema Exhibition		15,546	14,907
Hotels		7,577	8,649
Thredbo Alpine Resort		574	878
Leisure / Attractions		298	197
Property		2,924	4,047
Entertainment Technology		3,701	3,485
Other		4,387	5,223
		35,007	37,386

The Company's exposure

The Company's maximum exposure to credit risk at the reporting date was \$192,431,000 (2007: \$344,684,000) for loans and receivables. This exposure is limited to Australia. Subsidiaries account for \$191,725,000 (2007: \$344,009,000) of the Company's receivables carrying amount.

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT CONTINUED

The Group's Financial Liabilities

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

	Carrying Amount	Contractual cash flows	6 month or less	Between 6 to 12 months	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2008							
Non-derivative financial liabilities							
Secured bank loans	19,773	(24,612)	(818)	(6,510)	(1,115)	(16,169)	—
Unsecured loans from other companies	393	(409)	(409)	—	—	—	—
Unsecured loans from associates	848	(1,447)	(42)	(38)	(73)	(215)	(1,079)
Secured loans from other companies	458	(460)	(460)	—	—	—	—
Finance lease liability	14,090	(15,777)	(2,778)	(2,532)	(5,090)	(5,377)	—
Non-interest bearing loans from other companies unsecured	2,512	(2,512)	(185)	(185)	(331)	(726)	(1,085)
Trade payables	30,930	(30,930)	(30,930)	—	—	—	—
Other creditors and accruals	36,965	(36,965)	(36,965)	—	—	—	—
Derivative financial liabilities/(assets)							
Interest rate swaps used for hedging (net)	(359)	362	131	97	134	—	—
Forward exchange contracts used for hedging (net)	(25)	25	25	—	—	—	—
	105,585	(112,725)	(72,431)	(9,168)	(6,475)	(22,487)	(2,164)
30 June 2007							
Non-derivative financial liabilities							
Secured bank loans	136,891	(187,399)	(8,651)	(4,960)	(10,137)	(30,025)	(133,626)
Unsecured loans from other companies	358	(386)	(14)	(372)	—	—	—
Unsecured loans from associates	35,253	(36,249)	(34,498)	(42)	(393)	(211)	(1,105)
Secured loans from other companies	589	(601)	(6)	(595)	—	—	—
Finance lease liability	17,887	(20,667)	(2,668)	(2,710)	(5,114)	(10,175)	—
Non-interest bearing loans from other companies unsecured	3,694	(4,447)	(873)	(869)	(431)	(948)	(1,326)
Trade payables	32,985	(32,985)	(32,985)	—	—	—	—
Other creditors and accruals	32,606	(32,606)	(32,606)	—	—	—	—
Derivative financial liabilities/(assets)							
Interest rate swaps used for hedging (net)	(2,066)	2,130	517	448	722	443	—
Forward exchange contracts used for hedging (net)	19	(20)	(20)	—	—	—	—
	258,216	(313,230)	(111,804)	(9,100)	(15,353)	(40,916)	(136,057)

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

NOTE 28 — FINANCIAL RISK MANAGEMENT CONTINUED

The Company's Financial Liabilities

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

	Carrying Amount	Contractual cash flows	6 month or less	Between 6 to 12 months	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2008							
Non-derivative financial liabilities							
Loans from controlled entities	14,153	(14,153)	—	—	(14,153)	—	—
Trade payables	—	—	—	—	—	—	—
Other creditors and accruals	766	(766)	(766)	—	—	—	—
	14,919	(14,919)	(766)	—	(14,153)	—	—
30 June 2007							
Non-derivative financial liabilities							
Loans from controlled entities	213,115	(213,115)	—	—	(213,115)	—	—
Trade payables	—	—	—	—	—	—	—
Other creditors and accruals	721	(721)	(721)	—	—	—	—
	213,836	(213,836)	(721)	—	(213,115)	—	—

Market risk

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

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

Interest rate risk

The Group manages interest rate exposures on borrowings in accordance with a Board approved treasury policy that specifies parameters for hedging including hedging percentages and approved hedging instruments. The policy specifies upper and lower hedging limits set for specific time frames out to 5 years.

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

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fixed rate instruments				
Financial assets	372	2,066	—	—
Financial liabilities	(1,105)	(1,641)	—	—
	(733)	425	—	—
Variable rate instruments				
Financial assets	26,712	14,913	181,070	338,200
Financial liabilities	(34,432)	(189,313)	(14,153)	(213,115)
	(7,720)	(174,400)	166,917	125,085

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

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. The Group currently hedges interest bearing debt in AUD, EUR and NZD with cover at 30 June 2008 extending to June 2010 in EUR and December 2009 in NZD. At 30 June 2008, the Group had 52% (2007: 56%) of debt hedged.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity Analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss for the financial year by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant and is presented gross of tax. This analysis is performed on the same basis for 2007.

	PROFIT OR LOSS		EQUITY (HEDGING RESERVE)	
	100 bp increase	100 bp increase	100 bp increase	100 bp increase
	\$'000	\$'000	\$'000	\$'000
30 June 2008				
Variable rate instruments	(71)	71	—	—
Interest rate swaps	183	(183)	143	(147)
Net sensitivity	112	(112)	143	(147)
30 June 2007				
Variable rate instruments	(1,898)	1,898	—	—
Interest rate swaps	1,231	(1,231)	1,797	(1,855)
Net sensitivity	(667)	667	1,797	(1,855)

It should be noted that the Group's debt level as at 30 June 2008 is low when compared to prior years and is not necessarily representative of debt levels for the coming year.

Foreign exchange risk

The Group is exposed to currency risk on purchases, borrowings and surplus funds that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD), but also the New Zealand dollar (NZD), Euro (EUR) and US dollars (USD).

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

The Group's exposure to foreign currency risk was based on the following notional amounts:

	JUNE 2008			JUNE 2007		
	EUR \$'000	NZD \$'000	USD \$'000	EUR \$'000	NZD \$'000	USD \$'000
Cash and cash equivalents	856	122	—	—	238	—
Trade receivables	—	261	—	—	600	—
Secured bank loans	—	(7,931)	—	—	(17,687)	—
Trade payables	—	(394)	—	—	(709)	—
Gross balance sheet exposure	856	(7,942)	—	—	(17,558)	—
Interest rate swaps	—	(13)	—	—	269	—
Forward exchange contracts	—	25	138	—	14	204
	—	12	138	—	283	204
Net exposure	856	(7,930)	138	—	(17,275)	204

The Company has no exposure to foreign currency risk.

Sensitivity Analysis

A 10 percent strengthening/weakening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and profit or loss (pre-tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

NOTE 28 — FINANCIAL RISK MANAGEMENT CONTINUED

	THE GROUP		PARENT ENTITY	
	Equity \$'000	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000
30 June 2008				
AUD/USD +10%	(6)	—	—	—
AUD/USD -10%	7	—	—	—
AUD/NZD +10%	(722)	—	—	—
AUD/NZD -10%	882	—	—	—
AUD/EUR +10%	(78)	—	—	—
AUD/EUR -10%	96	—	—	—
30 June 2007				
AUD/USD +10%	(18)	—	—	—
AUD/USD -10%	22	—	—	—
AUD/NZD +10%	(1,658)	—	—	—
AUD/NZD -10%	2,026	—	—	—

Hedging of net investment in foreign subsidiaries

The Group's NZD denominated bank loan is designated as a hedge of the Group's investment in its subsidiaries in New Zealand. The carrying amount of the loan at 30 June 2008 was \$7,931,000 (2007: \$17,687,000). A foreign exchange profit of \$1,767,000 (2007: profit of \$891,000) was recognised in equity on translation of the loan to AUD.

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

Fair values

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

	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
		\$'000	\$'000	\$'000	\$'000
The Group					
Cash and cash equivalents	10	28,472	28,472	21,800	21,800
Trade and other receivables	11	34,658	34,658	36,965	36,965
Present value of loans provided under the employee share plan	11	349	349	421	421
Other financial assets	14	502	502	502	502
Available-for-sale financial assets	15	10,610	10,610	13,692	13,692
Investment properties	18	28,500	28,500	29,900	29,900
Security deposits — operating leases	20	4,985	4,985	5,490	5,490
Bank loans	22	(18,787)	(18,787)	(135,863)	(135,863)
Finance lease liabilities	22	(14,090)	(14,090)	(17,887)	(17,887)
Loans from associates	22	(848)	(848)	(35,253)	(35,253)
Loans from other companies	22	(3,363)	(3,363)	(4,641)	(4,641)
Payables	21	(67,897)	(67,897)	(65,593)	(65,593)
Interest rate swaps:					
Assets	13	372	372	2,066	2,066
Liabilities	25	(13)	(13)	—	—
		359	359	2,066	2,066
Forward exchange contracts:					
Assets	13	25	25	—	—
Liabilities	25	—	—	(19)	(19)
		25	25	(19)	(19)
		3,475	3,475	(148,420)	(148,420)
Unrecognised (losses)/gains			—		—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – FINANCIAL RISK MANAGEMENT CONTINUED

	Note	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
		\$'000	\$'000	\$'000	\$'000
Parent Entity					
Cash and cash equivalents	10	176	176	186	186
Receivable from controlled entities	11	191,725	191,725	344,009	344,009
Other receivables	11	357	357	254	254
Loans provided under the employee share plan	11	349	349	421	421
Available-for-sale financial assets	15	10,610	10,610	13,692	13,692
Payables	21	(766)	(766)	(721)	(721)
		202,451	202,451	357,841	357,841
Unrecognised (losses)/gains			–		–

Estimation of fair values

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

Quoted investments

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

Derivatives

Bank mark-to-market valuations have been used to determine the fair value of interest rate swaps and forward exchange contracts. These have been back tested against valuations generated by the Group's treasury system pricing module, using market quoted data as at balance date. The system uses discounted cash flow techniques to value financial instruments.

Interest bearing loans and borrowings

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

Finance lease liabilities

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

Trade and other receivables/payables

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

Interest rates used for determining fair value

The Group uses a bank quoted interest rate swap curve as of 30 June 2008 plus assessed risk factors/credit spread to discount financial instruments.

Capital management

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

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

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

There were no changes in the Group's approach to capital management during the year.

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

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 29 – EMPLOYEE BENEFITS					
Employee benefits					
Aggregate liability for employee benefits including on-costs:					
Current					
Employee benefits provision	24	10,269	10,278	1,056	996
Non-current					
Employee benefits provision	24	2,513	2,323	695	682
		12,782	12,601	1,751	1,678

Management Share Option Plan

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

Unissued ordinary shares of the Company under option are:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
11 December 2003	30 September 2008	\$3.35	463,500
17 June 2004	30 September 2008	\$3.14	30,000
16 September 2004	30 September 2008	\$3.72	250,000
			743,500

The weighted average remaining contractual life of options outstanding at the end of the year was 0.25 years (2007: 1.25 years).

Options granted to each eligible employee ranged from 2,500 to 1,225,000 options. A total of 19 employees hold options at reporting date.

During the year, employees exercised options to acquire 577,300 fully paid ordinary shares at a weighted average exercise price of \$3.08.

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

Set out below are summaries of options granted:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
The Group and Parent Entity – 2008								
20 November 2003	30 September 2008	\$2.75	250,000	—	(250,000)	—	—	—
11 December 2003	30 September 2008	\$3.35	770,800	—	(307,300)	—	463,500	463,500
17 June 2004	30 September 2008	\$3.14	50,000	—	(20,000)	—	30,000	30,000
16 September 2004	30 September 2008	\$3.72	250,000	—	—	—	250,000	250,000
Total			1,320,800	—	(577,300)	—	743,500	743,500
Weighted average exercise price			\$3.30	—	\$3.08	—	\$3.47	\$3.47
The Group and Parent Entity – 2007								
05 February 2002	30 September 2006	\$2.26	355,500	—	(355,500)	—	—	—
20 November 2003	30 September 2008	\$2.75	450,000	—	(200,000)	—	250,000	250,000
11 December 2003	30 September 2008	\$3.35	1,807,500	—	(1,036,700)	—	770,800	770,800
17 June 2004	30 September 2008	\$3.14	50,000	—	—	—	50,000	50,000
16 September 2004	30 September 2008	\$3.72	250,000	—	—	—	250,000	250,000
Total			2,913,000	—	(1,592,200)	—	1,320,800	1,320,800
Weighted average exercise price			\$3.15	—	\$3.03	—	\$3.30	\$3.30

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 29 – EMPLOYEE BENEFITS CONTINUED

Management share options granted on or after 5 February 2002 with an expiry date of 30 September 2008

These options vested on 30 September 2006. Since vesting, 1,814,000 options have been exercised to acquire fully paid ordinary shares. Options on issue under this plan total 743,500 as at 30 June 2008 and, if not exercised, the options will expire on 30 September 2008.

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

Executive performance share plan

The establishment of the Executive Performance Share Plan was approved by shareholders at the 2006 Annual General meeting. Employees receiving awards under the Executive Performance Share Plan are those of a senior level and above (including the Managing Director).

An employee awarded performance shares is not legally entitled to shares in the Company before the performance shares allocated under the plan vest. However, the employee can vote and receive dividends in respect of shares allocated to them. Once the shares have vested, they remain in the trust (refer Note 1(s)(i)) until the earlier of the employee leaving the Group, the tenth anniversary of the date the performance shares were awarded or the Board approving an application for their release.

Award, vesting and exercise under the plan are made for no consideration.

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

Type of right	Grant Date	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of year Number
The Group and Parent Entity – 2008						
Performance shares	18 Feb 2008	—	473,182	—	—	473,182
Performance shares	19 Feb 2007	345,422	—	—	—	345,422
The Group and Parent Entity – 2007						
Performance shares	19 Feb 2007	345,422	—	—	—	345,422

The performance period is three years. None of the performance shares awarded under the plan vested or became exercisable during the year.

Fair value of rights granted

The assessed fair value at grant date of performance shares granted under the Executive Performance Share Plan during the year ended 30 June 2008 was \$6.02 (2007 issue : \$6.39) for those shares that have earning per share hurdles and \$4.31 (2007 issue : \$4.63) for those shares that have total shareholder return hurdles.

Tax exempt share plan

All Australian resident permanent employees (excluding directors) are eligible to participate in the Tax Exempt Share Plan. The Tax Exempt Share Plan enables participating employees to make salary sacrifice contributions to purchase shares on-market on a monthly basis. The shares in the Tax Exempt Share Plan are restricted from being traded and must be held for a minimum of three years whilst the participant remains an employee of the Group. Trading restrictions are lifted on the cessation of employment.

Offers under the Tax Exempt Share Plan are at the discretion of the Company. All shares acquired under the Tax Exempt Share Plan rank equally with all other ordinary shares.

The total number of shares purchased during the year by employees, under the Tax Exempt Share Plan, totalled 8,344 shares (2007: 7,258 shares).

Employee share plan

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

The market value of ordinary shares at 30 June 2008 was \$4.87.

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

Superannuation

The Parent Entity and controlled entities contribute to several defined contribution superannuation plans — refer also to Note 1(r).

The superannuation contributions recognised as an expense in the Income Statement is detailed below:

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Superannuation contributions recognised as an expense	6,091	5,751	259	264

NOTE 30 — COMMITMENTS AND LEASES

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Capital expenditure commitments				
Contracted but not provided for and payable:				
Within one year	12,774	3,665	—	—
Operating lease commitments — as lessee				
Future minimum operating lease rentals not provided for and payable:				
Within one year	95,943	91,999	230	240
Later than one year but not later than five years	333,645	336,986	364	594
Later than five years	456,389	509,560	—	—
	885,977	938,545	594	834

The Group leases various properties, including cinema sites, under operating leases. The leases typically run for periods up to 20 years, with varying terms, escalation clauses and renewal or extension options. The head lease in respect of the Thredbo Village and ski area is for a longer period, being 50 years. A Group subsidiary exercised its option under the head lease and entered into a new lease, on similar terms, for a further 50 years which commenced on 29 June 2007.

A small number of leases have commitments in respect of contingent rental payments which arise when the operating performance of a site exceeds a pre-determined amount. Also, there are rentals which are determined as the higher of a base rental and a fixed percentage of a defined amount reflecting the operating performance of a site. Contingent rental payments recognised as an expense in the period for the Group amounted to \$1,535,000 (2007: \$1,319,000).

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sub-lease receivables — as lessor				
Future lease receivables in relation to sub-leases of property space under operating leases not recognised and receivable:				
Within one year	9,290	8,822	—	—
Later than one year but not later than five years	33,897	33,085	—	—
Later than five years	254,883	247,620	—	—
	298,070	289,527	—	—
Operating leases — as lessor				
Future operating lease rentals for owned properties not recognised and receivable:				
Within one year	8,584	10,367	—	—
Later than one year but not later than five years	11,461	16,923	—	—
Later than five years	11,128	10,947	—	—
	31,173	38,237	—	—

The Group receives rental income from a number of properties, both owned and leased. With exception to sub-leases under the Thredbo head lease, leases are for periods ranging between one to 18 years and have varying terms, escalation clauses and renewal options. There are approximately 700 sub-leases under the Thredbo head lease. Thredbo sub-leases consist of long term accommodation sub-leases for holiday apartments, chalets and lodges and also retail sub-leases for shops. Long term accommodation sub-leases are typically for a period mirroring the head lease, which was renewed for a further 50-year period on 29 June 2007 (refer above).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	THE GROUP		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 30 – COMMITMENTS AND LEASES CONTINUED					
Finance lease commitments – as lessee					
Finance lease rentals are payable as follows:					
Within one year		5,277	5,316	—	—
Later than one year but not later than five years		10,500	15,005	—	—
Later than five years		—	—	—	—
		15,777	20,321	—	—
Less: Future lease finance charges		(1,687)	(2,434)	—	—
		14,090	17,887	—	—
The present value of lease payments are as follows:					
Within one year		4,405	4,385	—	—
Later than one year but not later than five years		9,685	13,502	—	—
Later than five years		—	—	—	—
		14,090	17,887	—	—
Finance lease liabilities provided for in the accounts:					
Current	22	4,405	4,385	—	—
Non-current	22	9,685	13,502	—	—
Total lease liabilities		14,090	17,887	—	—

Of the above lease, \$13,849,000 (2007: \$17,194,000) is in respect of land and buildings. The lease term is for a remaining three year period at the end of which time the controlled entity has an option to purchase the property at no additional cost. If the option was not exercised, a nominal value would be recovered over time in respect of the property.

The remaining balance of \$241,000 (2007: \$693,000) is in respect of plant and equipment. The lease term is for a remaining six month period at the end of which time the controlled entity has an option to purchase the equipment at no additional cost.

Finance lease commitments – as lessor

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

NOTE 31 – CONTINGENT ASSETS AND LIABILITIES

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

Claims against Group entities

Claim from a dispute over contract terms

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

Claims for personal injury

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

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

Taxation – overseas controlled entities

A contingent asset exists at 30 June 2008 totalling approximately \$7,950,000 (2007: \$4,866,000) relating to disputed value-added tax provided for or paid by certain overseas controlled entities on a number of products sold during the period since 1 January 2005.

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 31 — CONTINGENT ASSETS AND LIABILITIES CONTINUED				
Controlled entities				
The Parent Entity has guaranteed the obligations of some controlled entities in respect of a number of lease commitments.				
The operating lease commitments not included in the Parent Entity's financial statements are due:				
Not later than one year	—	—	60,993	54,271
Later than one year but not later than five years	—	—	93,911	103,192
Later than five years	—	—	104,621	120,650
	—	—	259,525	278,113
The Parent Entity has guaranteed the Group's share of other commitments in respect of financing and other arrangements of certain controlled entities:				
Finance lease commitments guaranteed by the Parent Entity	—	—	7,782	6,894
	—	—	3,931	5,829
Certain controlled entities hold interests in partnerships (refer Note 36), and as such are jointly and severally liable for 100% of all liabilities incurred by those partnerships. The total assets of the partnerships are sufficient to meet such liabilities. The partnerships' liabilities not included in the Group's financial statements, amounted to:				
	35,700	29,555	—	—
In addition, the Parent Entity or a controlled entity has guaranteed the obligations of entities within the Group in respect of the lease commitments of certain partnerships. The partnerships' operating lease commitments, not included in the Group's financial statements, guaranteed by the Parent Entity or a controlled entity are due:				
Not later than one year	47,477	47,700	14,942	15,252
Later than one year but not later than five years	186,739	183,898	60,278	58,868
Later than five years	248,889	283,660	86,068	95,761
	483,105	515,258	161,288	169,881
Associates				
The Parent Entity or a controlled entity has guaranteed the Group's share of obligations made by certain associates (refer Note 35) in respect of operating lease commitments:				
	56,522	55,195	56,522	55,195
Total contingent liabilities	575,327	600,008	489,048	515,912

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 32 – DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' report.

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

The subsidiaries subject to the deed are:

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

A consolidated Income Statement and consolidated Balance Sheet, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed, at 30 June 2008 are set out as follows:

	THE GROUP	
	2008 \$'000	2007 \$'000
Income Statement		
Profit before tax	66,222	75,465
Income tax expense	(19,213)	(18,920)
Profit after income tax but before discontinued operations	47,009	56,545
Discontinued operations	40,092	23,280
Profit after income tax and discontinued operations	87,101	79,825
Retained earnings at the beginning of the year	393,600	346,765
Transfer from reserves	(255)	(2)
Dividends paid during the year	(37,263)	(32,988)
Retained earnings at the end of the year	443,183	393,600
Balance Sheet		
Cash and cash equivalents	22,604	10,965
Receivables	20,347	19,008
Inventories	9,420	8,603
Other	2,943	5,934
Total current assets	55,314	44,510

THE GROUP

	2008 \$'000	2007 \$'000
NOTE 32 — DEED OF CROSS GUARANTEE CONTINUED		
Receivables	653	464
Investments in controlled entities	73,742	73,902
Other financial assets	500	500
Available-for-sale financial assets	10,610	13,692
Investments accounted for using the equity method	102,974	178,159
Property, plant and equipment	400,467	387,142
Investments properties	28,500	29,900
Goodwill and other intangible assets	10,109	9,583
Deferred tax assets	4,399	7,501
Other	1,892	1,706
Total non-current assets	633,846	702,549
Total assets	689,160	747,059
Payables	26,155	20,596
Interest bearing liabilities and borrowings	—	31,975
Current tax liabilities	24,860	4,879
Provisions	10,073	9,858
Other	21,479	18,454
Total current liabilities	82,567	85,762
Payables	2	2
Loans from controlled entities	16,858	30
Interest bearing liabilities and borrowings	24,892	147,067
Deferred tax liabilities	2,013	33
Provisions	2,959	3,949
Other	1,878	2,657
Total non-current liabilities	48,602	153,738
Total liabilities	131,169	239,500
Net assets	557,991	507,559
Equity		
Share capital	98,809	97,030
Reserves	15,999	16,929
Retained earnings	443,183	393,600
Total equity	557,991	507,559

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP	
	2008 \$'000	2007 \$'000
NOTE 33 – ACQUISITION AND DISPOSAL OF BUSINESSES AND SUBSIDIARIES		
(a) Acquisition		
There were no acquisitions of subsidiaries during the year.		
On 24 January 2007, the Group increased its interest in Shellharbour Cinema Partnership from 50% to 100%. The operating results from that date have been included in the consolidated operating results for the 2007 year. Prior to this increase, Shellharbour Cinema Partnership was accounted for as a partnership investment. Refer also to Note 36.		
Carrying value of 50% interest immediately prior to 24 January 2007	—	321
Consideration for additional 50% interest	—	1,727
	—	2,048
Fair value of assets acquired:		
Cash	—	169
Property, plant and equipment	—	1,512
Other net liabilities	—	(1,040)
Management rights acquired	—	1,407
Total consideration and carrying value of initial 50% interest	—	2,048
If this increase in the Group's interest in Shellharbour Cinema Partnership had occurred on 1 July 2006, Group revenue for the year to 30 June 2007 would have increased by \$2,484,000 to \$626,359,000 and the Group profit for the year to 30 June 2007 would have increased by \$115,000 to \$82,310,000.		
(b) Disposal		
There were no disposals of subsidiaries during the year.		
During the 2007 year, the Group disposed of its interest in the Pier 26 Bar and Café business.		
Details of the disposal are as follows:		
Consideration received	—	17,492
Transaction costs	—	(386)
Carrying value of entity disposed	—	(9,630)
Profit on disposal	—	7,476
Net assets of entities disposed of:		
Cash	—	20
Property, plant and equipment	—	3,578
Goodwill	—	5,974
Other net assets	—	57
	—	9,629

The entity was disposed of on 25 June 2007 and the operating results to that date were included in the consolidated result.

NOTE 34 — PARTICULARS IN RELATION TO CONSOLIDATED ENTITIES

OWNERSHIP INTEREST				OWNERSHIP INTEREST			
	Note	2008 %	2007 %		Note	2008 %	2007 %
Parent Entity				Subsidiaries			
Amalgamated Holdings Limited				Greater Union Theaters Management Mainz GmbH (a)(f) 100 100			
Subsidiaries				Greater Union Theaters Zweite Verwaltungs GmbH (a)(f) 100 100			
AHL Administration Pty Limited 100 100				Neue Filmpalast Management GmbH (a)(f) 100 100			
Amalgamated Holdings Superannuation Fund Pty Limited 100 100				Turmpalast Frankfurt Management GmbH (a)(f) 100 100			
Ancona Investments Pty Limited 100 100				Vierte Kinoabspielstätten Verwaltungs GmbH (a)(f) 100 100			
Beachcode Limited (a)(c)(h) – 100				Zweite Kinoabspielstätten Verwaltungs GmbH (a)(f) 100 100			
Birch, Carroll & Coyle Limited 100 100				Lakeside Hotel Property Unit Trust 100 100			
BLN Hotels Property Unit Trust 100 100				Lakeside Hotel Pty Limited 100 100			
Blue Rock Venue Management Pty Limited 100 100				Lakeside International Hotel Unit Trust 100 100			
Bryson Centre Unit Trust 100 100				Mamasa Pty Limited 100 100			
Bryson Hotel Property Unit Trust 100 100				Multiplex Cinemas Magdeburg GmbH (a)(f) 100 100			
Bryson Hotel Pty Limited 100 100				Multiplex Cinemas Oberhausen GmbH (a)(f) 100 100			
Canberra Theatres Limited 100 100				Neue Filmpalast Beteiligungs GmbH (a)(f) 100 100			
Cinema Facility Management GmbH (a)(f) 51 51				Neue Filmpalast GmbH & Co. KG (a)(f) 100 100			
Chyadis Pty Limited 100 100				Noahs Hotels (NZ) Limited (a)(d) 100 100			
Digital Cinema Integration Partners Pty Limited 100 100				Noahs Limited 100 100			
Edge Investments BV (a)(e) 100 100				Northside Gardens Hotel Property Unit Trust 100 100			
Elsternwick Properties Pty Limited 100 100				Northside Gardens Hotel Pty Limited 100 100			
Erste Kinoabspielstätten Verwaltungs GmbH (a)(f) 100 100				Pantami Pty Limited 100 100			
Featherdale Farm & Aviaries Pty Limited 100 100				Red Carpet Event GmbH (a)(f) 100 100			
Featherdale Holdings Pty Limited 100 100				Rivercode Limited (a)(c)(h) – 100			
Filmlab Engineering Pty Limited 100 100				RQ Motels Pty Limited 100 100			
Filmpalast am ZKM Karlsruhe Beteiligungs GmbH (a)(f) 100 –				Rydges Bankstown Pty Limited 100 100			
Gleneleg Theatres Pty Limited 100 100				Rydges Cronulla Pty Limited 100 100			
Greater Entertainment Pty Limited 100 100				Rydges Hobart Hotel Property Unit Trust 100 100			
Greater Occasions Australia Pty Limited 100 100				Rydges Hobart Hotel Pty Limited 100 100			
Greater Union Betriebsmittel GmbH (a)(f) 100 100				Rydges Hotels Limited 100 100			
Greater Union Filmpalast Dortmund GmbH (a)(f) 100 100				Rydges Hotels Resorts Asia Pte Limited (g) 100 100			
Greater Union Filmpalast GmbH (a)(f) 100 100				Rydges Queenstown Hotel Limited (a)(d) 100 100			
Greater Union Filmpalast Rhein-Main GmbH (a)(f) 100 100				Sonata Hotels Pty Limited 100 100			
Greater Union Holdings Limited (b) 100 100				Tannahill Pty Limited 100 100			
Greater Union International BV (a)(e) 100 100				The Geelong Theatre Company Limited 100 100			
Greater Union International GmbH (f) 100 100				The Greater Union Organisation Pty Limited 100 100			
Greater Union International Holdings Pty Limited 100 100				Thredbo Resort Centre Pty Limited 100 100			
Greater Union Limited (c) 100 100				Tobeeon Pty Limited 100 100			
Greater Union Nominees Pty Limited 100 100				Tourism & Leisure Pty Limited 100 100			
Greater Union Screen Entertainment Pty Limited 100 100				Turmpalast Frankfurt GmbH & Co. KG (a)(f) 100 100			
Greater Union Theaters GmbH (a)(f) 100 100				Vierte Kinoabspielstätten GmbH & Co. KG (a)(f) 100 100			
Greater Union Theaters Mainz GmbH & Co. KG (a)(f) 100 100				Western Australia Cinemas Pty Limited 100 100			
Greater Union Theaters Zweite GmbH & Co. KG (a)(f) 100 100				Zollverein Pty Limited 100 100			
Greater Union Theaters Verwaltungs GmbH (a)(f) 100 100				Zweite Kinoabspielstätten GmbH & Co. KG (a)(f) 100 100			
Greattheatre Pty Limited 100 100							
GUO Investments (WA) Pty Limited 100 100							
Gutace Holdings Pty Limited 100 100							
Haparanda Pty Limited 100 100							
Haymarket's Tivoli Theatres Pty Limited 100 100							
Image and Sound Technology Pty Limited 100 100							
Kidsports Australia Pty Limited 100 100							
Kosciuszko Thredbo Pty Limited 100 100							
KTPL Unit Trust 100 100							
Kvarken Pty Limited 100 100							

(a) These companies are audited by other member firms of KPMG International.

(b) This company was incorporated and is domiciled in Jersey.

(c) These companies were incorporated in and carry on business in the United Kingdom.

(d) These companies were incorporated in and carry on business in New Zealand.

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

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

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

(h) These companies were placed into liquidation during the year.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 35 – INVESTMENTS IN ASSOCIATES

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

NAME	PRINCIPAL ACTIVITIES	INVESTMENT INTEREST		CONTRIBUTION TO CARRYING AMOUNT		OPERATING PROFIT	
		2008 %	2007 %	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Atlab Holdings Pty Limited	Multiple copy film release printing and post-production facility	(g) 50	50	1,500	6,584	(4,084)	2,705
Cinesound Movietone Productions Pty Limited	Film owner and 50 distributor	50	50	247	175	72	39
Filmpalast am ZKM Karlsruhe GmbH & Co KG	Film exhibitor	50	50	2,160	3,124	1,053	1,088
Filmpalast Konstanz GmbH & Co KG	Film exhibitor	50	50	591	603	173	90
Greater Union Kieft BV	Film exhibitor	(f) 50	50	277	555	7,126	452
MAF Greater Union LLC	Film exhibitor	49	49	10,867	12,806	7,683	6,475
Roadshow Distributors Pty Limited	Film distributor	(e) —	50	—	62,943	2,115	15,112
Rydges Rotorua Hotel Limited	Hotel owner	(d) 25	(d) 25	1,809	2,083	(10)	375
				17,451	88,873	14,128	26,336
Less: Discontinued Operations (Note 5)							
Roadshow Distributors Pty Limited						2,115	15,112
						12,013	11,224

(a) Dividends received from associates for the year ended 30 June 2008 by the Group amount to \$16,744,000 (2007: \$12,371,000).

(b) MAF Greater Union LLC was incorporated in the United Arab Emirates. CS Konstanz GmbH and Filmpalast an ZKM Karlsruhe GmbH were incorporated in Germany. Greater Union Kieft BV was incorporated in The Netherlands. All other associates were incorporated in Australia.

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

(d) Rydges Rotorua Hotel Limited has been equity accounted from 1 July 2006. The 2007 amount includes an adjustment of \$130,000 on adoption of equity accounting.

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

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

(g) Impairment loss recognised

The Parent Entity and the Group have recognised impairment losses against the carrying values of their 50% interest in the Atlab Holdings Pty Limited Group ("Atlab"). In the Parent Entity financial statements the investment in Atlab is accounted for at cost, where as in the Group financial statements the investment is accounted for using the equity method. This has resulted in different impairment losses being recognised in the Group and the Parent Entity financial statements. In the Group financial statements the investment in Atlab has been written down by \$4,253,000, whereas in the Parent Entity financial statements an impairment loss of \$12,250,000 has been recognised. Atlab has experienced a significant decline in earnings over the year to 30 June 2008, which has lead to a reassessment of the carrying value of the investment. The assessed recoverable amount was determined as the present value of future cash flows to be derived from the investment. In making this determination, a pre-tax discount rate of 12.75% per annum was used.

THE GROUP

2008
\$'000

2007
\$'000

NOTE 35 — INVESTMENTS IN ASSOCIATES CONTINUED

Summarised financial information relating to associates

The Group's share of aggregate assets, liabilities, revenues and net profit of associates is as follows:

Revenues — as reported by associates	83,483	264,595
Net profit — as reported by associates	18,381	26,336
Net profit — equity adjusted	14,128	26,336
Current assets	25,214	163,168
Non-current assets	25,940	68,734
Total assets	51,154	231,902
Current liabilities	23,937	125,406
Non-current liabilities	3,474	29,606
Total liabilities	27,411	155,012
Net assets — as reported by associates	23,743	76,890
Adjustments arising from equity accounting:		
Goodwill	—	12,558
Foreign exchange translation	(2,039)	(575)
Other — impairment write-down	(4,253)	—
Net assets — equity adjusted	17,451	88,873
Movements in carrying amount of associates		
Carrying amount of associates at the beginning of the year	88,873	76,515
Foreign currency translation movements	(1,924)	(521)
Share of associates' net profit	18,381	26,336
Impairment write-down	(4,253)	—
Distributions received from associates	(16,744)	(12,371)
Share of (decrement)/increment in associates' reserves	(1,788)	(1,991)
Reclassification from other financial assets	—	1,814
Disposal of associate	(65,058)	(909)
Other	(36)	—
Carrying amount of associates at the end of the year	17,451	88,873
Commitments		
Share of associates' capital expenditure commitments contracted but not provided for or payable:		
Not later than one year	1,469	788
Later than one year but not later than five years	—	—
	1,469	788
Share of associates' operating lease commitments contracted but not provided for or payable:		
Not later than one year	5,761	6,510
Later than one year but not later than five years	17,377	21,192
Later than five years	33,263	32,778
	56,401	60,480

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	THE GROUP	
	2008 \$'000	2007 \$'000
NOTE 35 – INVESTMENTS IN ASSOCIATES CONTINUED		
Share of associates' finance lease commitments contracted but not provided for or payable:		
Not later than one year	2,456	259
Later than one year but not later than five years	392	—
Later than five years	—	—
	2,848	259
Less: Future lease finance charges	(450)	—
	2,398	259

Share of associates' contingent liabilities

Refer to Note 31.

NOTE 36 – INVESTMENTS IN PARTNERSHIPS

NAME	PRINCIPAL ACTIVITIES	NATURE OF INTEREST	PROFIT SHARE		INVESTMENT CARRYING AMOUNT		SHARE OF SALES REVENUE		CONTRIBUTION TO OPERATING PROFIT	
			2008 %	2007 %	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Share of partnership assets	50	50	86,540	92,793	138,798	131,278	18,982	(d) 14,305
Browns Plains Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	143	151	1,313	1,252	82	97
Castle Hill Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	3,627	3,886	4,745	4,836	616	790
Casuarina Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	3,661	4,234	10,405	9,031	1,876	1,620
Garden City Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	2,966	3,131	4,207	4,017	845	913
Geelong Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(c) 50	(c) 50	(75)	(75)	3,320	3,283	—	245
Jam Factory Cinema Operations Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,670	1,455	7,651	6,852	215	(271)
Piccadilly Cinema	Owner and operator of a multiscreen cinema complex	Share of partnership assets	(e) —	(e) —	—	—	—	—	—	11
Shellharbour Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(b) —	(b) —	—	—	—	1,242	—	135
Southport 6 Cinemas	Operator of a multiscreen cinema complex	Share of partnership assets	(a) 51	(a) 51	1,517	1,519	2,975	2,262	326	172
Toowoomba Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,178	1,362	3,384	3,276	391	385
					101,227	108,456	176,798	167,329	23,333	18,402

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

(b) Shellharbour Cinema Partnership became wholly owned on 24 January 2007.

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

(d) Profit is after the impact of the Group's share of a provision for the write-down in the carrying value of specific under-performing cinema sites amounting to \$Nil (2007: \$2,590,000).

(e) The interest in this partnership was sold during the 2007 financial year.

NOTE 36 – INVESTMENTS IN PARTNERSHIPS CONTINUED

During the year, the cinema partnerships purchased management and consulting services of \$5,273,000 (2007: \$5,228,000), block and artwork of \$135,000 (2007: \$143,000) and other services of \$328,000 (2007: \$329,000) from the Group. These transactions were on normal commercial terms.

	THE GROUP	
	2008 \$'000	2007 \$'000
The Group's share of the partnerships' assets and liabilities consists of:		
Current assets	13,823	12,646
Non-current assets	77,762	80,959
Total assets	91,585	93,605
Current liabilities	16,042	12,558
Non-current liabilities	1,526	1,962
Total liabilities	17,568	14,520
Share of net assets	74,017	79,085
Movements in carrying amount of partnerships		
Carrying amount of partnerships at the beginning of the year	108,456	119,783
Net additional investments in partnerships	157	813
Contributions for capital	—	—
Share of partnerships' profit	23,333	18,402
Gross distributions	(30,686)	(29,949)
Disposal of investment	(33)	(93)
Amortisation of capitalised interest	—	(33)
Reclassification to plant and equipment	—	(467)
Carrying amount of partnerships at the end of the year	101,227	108,456

Refer to Note 31 for details of contingent liabilities

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES

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

SECTION OF REMUNERATION REPORT	DIRECTORS' REPORT PAGE REFERENCE
Non-executive director remuneration	23
Managing Director and executive remuneration	23
Fixed annual remuneration	23
Variable remuneration — short term incentive ("STI")	23
Variable remuneration — long term incentive ("LTI")	24
Employment contracts	25
Directors' position and period of responsibility	26
Directors' and executives' remuneration	27

Directors

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

NAME	POSITION	PERIOD OF RESPONSIBILITY
AG Rydge	Non-executive director and Chairman	1 July 2007 to 30 June 2008
AJ Clark	Non-executive director and lead independent director	1 July 2007 to 30 June 2008
TC Ford	Non-executive director	1 July 2007 to 30 June 2008
RM Graham	Non-executive director	1 July 2007 to 30 June 2008
M Hellicar	Non-executive director	1 July 2007 to 30 June 2008
RG Newton	Non-executive director	29 February 2008 to 30 June 2008
JA O'Neill	Non-executive director	1 July 2007 to 11 October 2007
DC Seargeant	Managing Director	1 July 2007 to 30 June 2008

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Other key management personnel

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

NAME	POSITION	PERIOD OF RESPONSIBILITY
NC Arundel	Managing Director, Rydges Hotels Limited	1 July 2007 to 30 June 2008
GC Dean	Company Secretary, Amalgamated Holdings Limited	1 July 2007 to 30 June 2008
MR Duff	Director – Commercial, Amalgamated Holdings Limited	1 July 2007 to 30 June 2008
HR Eberstaller	Managing Director AHL Strategic Investments, The Greater Union Organisation Pty Limited	1 July 2007 to 30 June 2008
RD Entwistle	Managing Director AHL Entertainment, The Greater Union Organisation Pty Limited	1 July 2007 to 30 June 2008
PW Horton	Director Finance & Accounting, Amalgamated Holdings Limited	1 July 2007 to 30 June 2008

All of the above persons were also key management persons during the year ended 30 June 2007. NC Arundel and RD Entwistle commenced employment with the Group on 29 January 2007 and 13 November 2006 respectively. MR Duff was appointed to the key management position on 1 November 2006, prior to the appointment MR Duff held a senior finance position within The Greater Union Organisation Pty Limited.

Key management personnel remuneration

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

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits				
Short-term	5,127,939	4,627,074	3,891,982	3,400,302
Other	156,109	669,462	94,843	446,496
Post-employment	132,307	133,481	93,168	97,906
Equity compensation	462,369	196,171	377,407	164,829
	5,878,724	5,626,188	4,457,400	4,109,533

The comparative disclosures include key management personnel who ceased employment with the Company or Group during the previous financial year. The individuals who were previously key management personnel and who ceased employment with the Company or Group during the previous financial year include Messrs PG Lonergan, GC Lopez and DA Tynan.

Equity instruments

All options refer to options over ordinary shares of Amalgamated Holdings Limited, which are exercisable on a one-for-one basis under the Management Share Option Plan.

Options and rights over equity instruments granted as remuneration

No options over ordinary shares were granted or vested under the Management Share Option Plan at any time during the year.

Further details regarding options granted to executives under the Management Share Option Plan are given in Note 29.

Option holdings and transactions

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

		Held at the beginning of the year	Granted	Exercised	Other *	Held at the end of the year	Vested and exercisable at 30 June
Director							
DC Seargeant	2008	750,000	—	(250,000)	—	500,000	500,000
	2007	750,000	—	—	—	750,000	750,000

NOTE 37 — DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

		Held at the beginning of the year	Granted	Exercised	Other *	Held at the end of the year	Vested and exercisable at 30 June
Executives							
NC Arundel (commenced employment on 29 January 2007)	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
GC Dean	2008	60,000	—	(30,000)	—	30,000	30,000
	2007	100,000	—	(40,000)	—	60,000	60,000
MR Duff (appointed to executive position on 1 November 2006)	2008	—	—	—	—	—	—
	2007	—	—	(50,000)	50,000	—	—
HR Eberstaller	2008	—	—	—	—	—	—
	2007	100,000	—	(100,000)	—	—	—
RD Entwistle (commenced employment on 13 November 2006)	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
PW Horton	2008	100,000	—	(55,000)	—	45,000	45,000
	2007	150,000	—	(50,000)	—	100,000	100,000
Former executives							
PG Lonergan (ceased employment on 31 March 2007)	2008	—	—	—	—	—	—
	2007	200,000	—	(200,000)	—	—	—
GC Lopez (ceased employment on 29 September 2006)	2008	—	—	—	—	—	—
	2007	100,000	—	—	(100,000)	—	—
DA Tynan (ceased employment on 30 November 2006)	2008	—	—	—	—	—	—
	2007	100,000	—	(100,000)	—	—	—

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

No options held by key management personnel are vested but not exercisable at 30 June 2008 (2007: nil). No options have been granted since the end of the year. No options were held by the related parties of key management personnel.

Performance share holdings and transactions

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

		Held at the beginning of the year	Granted	Held at the end of the year
Director				
DC Seargeant	2008	100,000	100,000	200,000
	2007	—	100,000	100,000
Executives				
NC Arundel (commenced employment on 29 January 2007)	2008	5,972	14,739	20,711
	2007	—	5,972	5,972
GC Dean	2008	7,337	8,996	16,333
	2007	—	7,337	7,337
MR Duff (appointed to executive position on 1 November 2006)	2008	12,183	14,433	26,616
	2007	—	12,183	12,183
HR Eberstaller	2008	4,982	5,972	10,954
	2007	—	4,982	4,982
RD Entwistle (commenced employment on 13 November 2006)	2008	15,938	18,376	34,314
	2007	—	15,938	15,938
PW Horton	2008	12,183	14,203	26,386
	2007	—	12,183	12,183

No performance shares have been granted since the end of the year. No performance shares were held by the related parties of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 37 – DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Equity holdings and transactions

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

		Held at the beginning of the year	Purchases	Received on exercise of options	Sales	Other *	Held at the end of the year
Directors							
AG Rydge (Chairman)	2008	57,704,154	—	—	—	—	57,704,154
	2007	57,704,154	—	—	—	—	57,704,154
AJ Clark	2008	40,000	—	—	—	—	40,000
	2007	40,000	—	—	—	—	40,000
TC Ford	2008	10,000	—	—	—	—	10,000
	2007	10,000	—	—	—	—	10,000
RM Graham	2008	10,626	—	—	—	—	10,626
	2007	10,626	—	—	—	—	10,626
M Hellicar	2008	2,000	—	—	—	—	2,000
	2007	2,000	—	—	—	—	2,000
RG Newton (appointed 29 February 2008)	2008	—	—	—	—	3,000	3,000
	2007	—	—	—	—	—	—
JA O'Neill (appointed 14 December 2006 and resigned 11 October 2007)	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
DC Seargeant (Managing Director)	2008	250,500	—	250,000	(30,000)	—	470,500
	2007	250,500	—	—	—	—	250,500
Executives							
NC Arundel (commenced employment on 29 January 2007)	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
GC Dean	2008	25,500	—	30,000	(10,000)	—	45,500
	2007	10,500	—	40,000	(25,000)	—	25,500
MR Duff (appointed to executive position on 1 November 2006)	2008	30,000	—	—	—	—	30,000
	2007	—	—	—	—	30,000	30,000
HR Ebertstaller	2008	—	—	—	—	—	—
	2007	—	—	100,000	(100,000)	—	—
RD Entwistle (commenced employment on 13 November 2006)	2008	—	—	—	—	—	—
	2007	—	—	—	—	—	—
PW Horton	2008	30,000	—	55,000	(40,000)	—	45,000
	2007	25,000	—	50,000	(45,000)	—	30,000
Former executives							
PG Lonergan (ceased employment on 31 March 2007)	2008	—	—	—	—	—	—
	2007	—	—	200,000	(199,804)	(196)	—
GC Lopez (ceased employment on 29 September 2006)	2008	—	—	—	—	—	—
	2007	16,720	—	—	—	(16,720)	—
DA Tynan (ceased employment on 30 November 2006)	2008	—	—	—	—	—	—
	2007	100,000	—	100,000	—	(200,000)	—

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

No shares were granted to key management personnel during the financial reporting period as compensation in the year to 30 June 2008.

Loans and other transactions with key management personnel and their related parties

Loans to key management personnel and their related parties

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

NOTE 37 — DIRECTOR AND EXECUTIVE DISCLOSURES CONTINUED

Other transactions with the Company or its controlled entities

AG Rydge and AJ Clark are directors of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent received during the year was \$31,774 (2007: \$31,079). The Company holds shares in Carlton Investments Limited. Dividends received during the year from Carlton Investments Limited totalled \$402,318 (2007: \$430,508).

AG Rydge paid rent and levies to a controlled entity during the year amounting to \$18,294 (2007: \$14,298). A company associated with RM Graham paid rent and levies to a controlled entity during the year amounting to \$5,226 (2007: \$4,112). Rent is charged to AG Rydge and RM Graham at market rates.

Apart from the details disclosed in this note, no key management personnel has entered into a material contract with the Parent Entity or the Group since the end of the previous year and there were no material contracts involving directors' interests existing at reporting date.

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

NOTE 38 — RELATED PARTIES

Parent Entity

The Parent Entity within the Group is Amalgamated Holdings Limited.

Subsidiaries

Interest in subsidiaries are set out in Note 34.

	PARENT ENTITY	
	2008 \$'000	2007 \$'000
The aggregate outstanding amounts at reporting date of loans between the Parent Entity and its wholly-owned subsidiaries and the revenue and expense items brought to account by the Parent Entity in relation to these loans during the year is as follows:		
Loans to controlled entities (current)	10,831	5,995
Loans to controlled entities (non-current)	180,894	338,014
Loans from controlled entities (non-current)	14,153	213,115
Interest received or due and receivable	27,896	21,143
Interest paid or due and payable	18,495	12,020
Management and consulting fees paid or due and payable	9,631	9,031
Current tax payable assumed from wholly-owned tax consolidated entities	44,882	16,809
Tax losses assumed from wholly-owned tax-consolidated entities at no consideration	—	6,023

Loans

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

Management fees

The Parent Entity charges all operating and wholly-owned controlled entities a management fee equal to 3% (2007: 3%) of net operating revenue for management services provided by directors and senior executives of the Parent Entity.

Associates

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

Other transactions were:

- sale of management services at a cost of \$647,000 (2007: \$1,180,000);
- hire of films from Roadshow Distributors Pty Limited on normal commercial terms to a value of \$1,582,000 (2007: \$6,599,000);
- receipt of property rentals from associates of \$271,000 (2007: \$257,000); and
- share based payment costs of \$76,000 (2007: \$28,000) recharged to an associate.

Relationships with partnerships

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

Rent of premises

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

Key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 39 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	THE GROUP		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Reconciliation of profit after related income tax expense to net cash provided by operating activities				
Profit after income tax expense	99,515	82,171	42,022	14,133
Adjustments for:				
Profit on sale of non-current assets	(64,131)	(27,737)	—	(3,779)
Depreciation and carrying value adjustments	23,159	23,897	46	40
Amortisation and carrying value adjustments	5,354	4,875	58	69
(Decrease)/increase in provisions	(2,658)	(7,265)	416	157
Increase/(decrease) in income taxes payable	20,573	(1,520)	(18,597)	(17,242)
Fair value increment/(decrement)	1,400	(4,879)	—	—
Share-based payments	1,409	477	977	306
Equity accounted investment decreases	47,430	42,320	—	—
Share of associates' net profit	(37,461)	(44,738)	—	—
Investment impairment	—	—	12,250	—
Unrealised foreign exchange losses/(gains)	75	(61)	—	—
Net cash provided/(used) by operating activities before change in assets and liabilities	94,665	67,540	37,172	(6,316)
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired / disposed during the year:				
Intercompany revenue	—	—	(82,534)	(30,181)
Intercompany expense	—	—	18,495	12,020
Decrease/(increase) in receivables	3,489	(8,806)	(104)	(20)
(Increase) in inventories	(1,800)	(407)	—	—
Decrease/(increase) in other current assets	1,796	(1,758)	—	(4)
Increase/(decrease) in creditors and accruals	(2,487)	(2,795)	368	(5)
Increase in deferred tax items	6,641	3,451	—	—
Increase in other liabilities	(585)	2,192	—	—
Decrease in borrowing costs payable	1,283	3,634	—	—
Net cash provided/(used) by operating activities	103,002	63,051	(26,603)	(24,506)

NOTE 40 – EVENTS SUBSEQUENT TO REPORTING DATE

Acquisition of hotel

On 28 August 2008 the Company announced it had entered into a contract for the acquisition of the Gold Coast International Hotel for a purchase price of \$56,500,000, with expected settlement to occur on or around 10 September 2008.

Dividends

For final dividends declared after 30 June 2008 see Note 8.