AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003
A.B.N. 51 000 005 103

CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the financial report of Amalgamated Holdings Limited (the "Company") and the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2003 and the auditors' report thereon.

DIRECTORS

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

Mr AG Rydge (Chairman)
Mr AJ Clark
Mr TC Ford
Mr RM Graham
Mr GL Herring
Mr AJ Lane
Mr DC Seargeant

Particulars of the qualifications and experience of each Director, as at the date of this report, are set out in Appendix 2 of this Financial Report.

Directors' Meetings

The number of full Board of Directors' meetings, Directors' meetings for specific issues, Audit Committee meetings and Remuneration Committee meetings is shown in the table below, together with the number of meetings attended by each of the Directors of the Company during the financial year.

	Full board of Directors' meetings		Directors' meetings for specific issues		Audit Committee meetings		Remuneration Committee meetings	
	Meetings attended	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**
Director								
Mr AG Rydge	11	11	2	2	4	4	1	1
Mr AJ Clark	11	11	1	1	*	*	1	1
Mr TC Ford	11	11	0	1	*	*	*	*
Mr RM Graham	11	11	1	1	4	4	*	*
Mr GL Herring	11	11	1	1	4	4	1	1
Mr AJ Lane	9	11	1	1	3	4	*	*
Mr DC Seargeant	11	11	2	2	3+	4+	1	1

* Reflects non-requirement to attend meetings.
+ Mr DC Seargeant attended Audit Committee meetings by invitation.

Principal activities

The principal activities of the consolidated entity during the course of the financial year were:

- motion picture exhibition in cinemas and drive-in theatres
- ownership of cinema, drive-in and office properties
- operations of hotels, resorts and restaurants and investment in hotel properties
- ownership and operation of Thredbo Alpine Resort
- ownership and operation of Sydney harbour cruising and ferry services
- ownership and operation of Featherdale Wildlife Park
- ownership and operation of a catering business
- ownership and operation of the State Theatre, Sydney
- ownership and operation of Pier 26 Bar and cafe, Sydney
- supply of theatre and film laboratory equipment
- operation of a film processing laboratory and post-production facility
- investment in shares in various listed and unlisted companies.

During the year:

- a 50% interest in the Atlab group of companies was sold
- the consolidated entity acquired a one-third interest in the Val Morgan group of companies, which holds exclusive advertising contracts over almost all cinema screens in Australia
- the consolidated entity's shareholding in Village Roadshow Corporation ("VRC") was sold.

Further details of the above transactions are outlined in the state of affairs and detailed below.

There were no other significant changes in the nature of the activities of the consolidated entity during the year.

Review of operations
A review of operations of the consolidated entity is set out in Appendix 1 of this Financial Report.

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

Type	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit
As proposed and provided for in last year's report:				
- Final – Ordinary shares	6.0	7,489	3 Oct 2002	30%
In respect of the current financial year:				
Paid or declared during the year				
- Interim – Ordinary shares	5.0	6,241	27 Mar 2003	30%
Paid or declared after end of the year				
- Final – Ordinary shares	6.5	8,113	18 Sept 2003	30%
		14,354		

All the dividends paid or declared by the Company since the end of the previous financial year were 100% franked.

State of affairs
Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 9 September 2002, a 50% interest in the Atlab group of companies was sold to a subsidiary of The Rank Group Plc. The profit on sale of this interest was $18,230,000. The consideration received from the sale was $26,407,000. Following this sale, our 50% interest in the operating results of the Atlab group have been accounted for using equity accounting principles.

- On 24 December 2002, a wholly owned subsidiary (The Greater Union Organisation Pty Ltd), acquired, through a joint venture company, a one-third interest in the Val Morgan group of companies. Val Morgan is Australia's only national cinema advertiser and holds exclusive advertising contracts over almost all cinema screens in Australia. The company also operates through joint ventures in the United Arab Emirates, certain South American countries and has a controlled entity in New Zealand. The other joint venture parties are Hoyts and Village Roadshow.

- On 17 February 2003, AHL announced the sale of the group's shareholding in Village Roadshow Corporation Limited ("VRC"). The consideration for the shares in VRC was $46 million, $20 million of which was paid on completion, with $26 million payable in three years time. The carrying value for the investment in VRC had previously been written down by $35,106,000 to the recoverable value in the result for the half year to 31 December 2002. The write down in value of the VRC shares was after allowing for the discounting for notional interest of the deferred consideration receivable.

- On 24 March 2003, a wholly owned subsidiary, Kosciusko Thredbo Pty Ltd, settled its damages claim against the State of New South Wales and others in relation to the 1997 collapse of the Alpine Way. The amount received on settlement, after the deduction of associated costs incurred during the reporting period to 30 June 2003 and net of applicable income tax, was $22,479,000. This amount has been treated as an extraordinary item in the consolidated statement of financial performance.

- On 31 March 2003, the AHL group completed the acquisition of a further 16.7% interest in the Australian Theatres Joint Venture, bringing it's total interest to 50%. Total consideration and costs relating to this acquisition was $45,955,000. Settlement of $31,988,000 is deferred and payable on 27 March 2004. This deferred settlement is interest bearing. Other additional investments in partnerships, trusts and associates made during the year totalled $15,744,000. In addition, loan repayments totalling $33,080,000 were received from partnerships, trusts and associates during the financial year.

- On 14 April 2003, the Company announced that a 50% owned associate entity, Kieft & Kieft Filmtheater GmbH (operator of the German Cinestar circuit) had, in conjunction with a non-related third party, taken over the UFA – Theater GmbH & Co. KG ("UFA") circuit. The various interests in the UFA cinema circuit which includes 31 cinema sites were transferred to a joint venture company that is 50% owned by the Kieft & Kieft Group. The Kieft & Kieft Group's share of the takeover cost was $2,979,000. A reorganisation of the UFA circuit has been initiated to maximise the investment and derive cost savings from negotiated rent reductions and decreased staff and administration costs.

- During the year, the consolidated entity acquired property, plant and equipment totalling $21,447,000. The expenditure related primarily to the construction of Pier 26 Bar and Cafe, refurbishment of the State Theatre Basement, expansion of the Maroochydore cinema, refurbishment of The Forum, Brisbane, and hotel refurbishments.

- During the year bank borrowings of the consolidated entity decreased from $252.7 million to $175.9 million.

Environmental regulation
The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State/Territory legislation.

The consolidated entity has an established environmental reporting system, for it's environmentally sensitive businesses, which monitors compliance with existing environmental regulations and new regulations as they are enacted. The reporting system is documented in a legal compliance manual and includes procedures to be followed should an incident occur which adversely impacts the environment.

The Directors are not aware of breaches of the legislation during the financial year which are material in nature and have no reason to believe that any possible legal or remedial action would result in a material cost or loss to the consolidated entity.

Events subsequent to balance date
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in future financial years.

Likely developments
Likely developments in the operations of the consolidated entity are referred to in the review of operations set out in Appendix 1.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

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

The remuneration packages of the Managing Director and senior executives includes an at-risk component and is based on the achievement of specific goals related to their performance and that of the consolidated entity. Options are also issued from time to time under the Management Share Option Plan. The ability to exercise the options is conditional on the consolidated entity achieving certain performance hurdles. Non-executive Directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and each of the named executive officers of the Company and the consolidated entity receiving the highest emolument are:

	Base emolument $	Bonuses $	Non-cash benefits $	Superannuation contributions $	Options Issued [b] $	Retirement benefits[c] $	Total $
Director							
Non-executive							
Mr AG Rydge	143,352	–	–	11,596	–	–	154,948
Mr AJ Clark	43,938	–	90	3,954	–	–	47,982
Mr TC Ford	43,938	–	417	3,954	–	–	48,309
Mr RM Graham[a]	50,556	–	128	4,554	–	–	55,238
Mr GL Herring[a]	54,228	–	219	4,878	–	–	59,325
Mr AJ Lane[a]	50,556	–	599	4,554	–	–	55,709
Managing Director							
Mr DC Seargeant	659,481	134,000	–	10,519	87,200	–	891,200
Executive Officers (excluding Directors)							
The Company							
Mr PW Horton	285,220	6,000	515	24,780	14,500	–	331,015
Mr GL Lopez	274,481	12,000	846	10,519	14,500	–	312,346
Mr DA Tynan	266,172	4,000	180	23,828	22,100	–	316,280
Consolidated							
Mr RJ Parton (ceased employment on 7/3/2003)	231,853	15,000	–	27,907	14,500	806,780	1,096,040
Mr PG Lonergan	381,197	12,000	79	10,519	14,500	–	418,295
Mr HR Eberstaller	219,571	15,000	–	31,726	14,500	–	280,797
Mr AM Cocks (ceased employment on 26/9/2002)	51,851	–	–	2,465	1,812	475,876	532,004

(a) Base emolument includes Board Committee fees.

(b) Amounts disclosed above for remuneration relating to options have been determined using Australian Securities and Investment Commission guidelines. These guidelines require the options to be valued at the time they are granted and then to have that value apportioned in equal amounts over the period from grant date to vesting date. A value has been placed on the options using a binomial option pricing model. Factors taken into account by the binomial option pricing model include the exercise price, the exercise conditions, the term of the option, the current price and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate from the term of the option. Details of options on issue are set out under "Options" below and further details on the terms and conditions of these options is set out in Note 28 to the Financial Report.

(c) Retirement benefits include annual leave, long service leave and other entitlements paid.

Accrued benefits provided under the Directors' retirement plan are detailed in Note 36.

Options

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the Managing Director and an executive officer of the Company.

	Issue Date	Number of Options Granted	Exercise Price	Expiry Date
Managing Director				
Mr DC Seargeant	20 December 2002	250,000	$2.22	30 September 2006
Executive Officer				
Mr DA Tynan	18 July 2002	100,000	$2.59	30 September 2006

There were no options issued to non-executive Directors during the year.

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
30 October 2005	$2.27	400,000
30 September 2006	$2.26	1,355,000
30 September 2006	$2.59	100,000
30 September 2006	$2.22	250,000

Further details on the terms and conditions of these options is set out in Note 28 to the Financial Report.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year there were no ordinary shares issued by the Company as a result of the exercise of options.

Directors' interests

The relevant interest of each Director of the Company in share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares		
Director	Held directly	Held by companies in which a Director has a beneficial interest	Options held directly
Mr AG Rydge	1,526,455	56,177,699	–
Mr AJ Clark	40,000	–	–
Mr TC Ford	–	10,000	–
Mr RM Graham	10,626	–	–
Mr GL Herring	27,382	–	–
Mr AJ Lane	–	72,000	–
Mr DC Seargeant	25,000	–	650,000

In addition to the above, Mr GL Herring is chairman of Amalgamated Holdings Superannuation Fund Pty Limited, a company which holds 477,564 ordinary shares in the Company.

Indemnification and insurance of Directors and officers

The Company's Constitution provides an indemnity to each person, including Messrs AG Rydge, AJ Clark, TC Ford, RM Graham, GL Herring, AJ Lane and DC Seargeant who is or who has been a Director or alternate Director of the Company or of any related body corporate of the Company. The indemnity also extends to such other officers or former officers, including executive officers or former executive officers, of the Company and of any related body corporate of the Company as the Directors of the Company determine.

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

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

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 21st day of August 2003.

Signed in accordance with a resolution of the Directors:

AG Rydge	**DC Seargeant**
Director	Director

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		The Company	
	Note	2003 $000	2002 $000	2003 $000	2002 $000
Revenue from sale of goods	3	100,153	101,177	–	–
Revenue from rendering of services	3	178,407	215,989	–	–
Other revenues from ordinary activities	3	90,488	34,745	29,540	33,307
Total revenue from ordinary activities	3	369,048	351,911	29,540	33,307
Depreciation and amortisation expenses	4(a)	(22,721)	(23,511)	(60)	(104)
Borrowing costs	4(a)	(15,274)	(19,467)	(13,266)	(18,995)
Employee expenses		(92,098)	(97,147)	(4,615)	(3,118)
Film hire and other film expenses		(45,449)	(68,720)	–	–
Occupancy expenses		(37,980)	(35,832)	(1)	(288)
Purchases and other direct expenses		(36,403)	(42,211)	–	–
Advertising, commissions and marketing expenses		(10,936)	(10,893)	(569)	–
Carrying value of non-current assets sold		(78,406)	(11,052)	(496)	(664)
Book value of controlled entity sold		(8,000)	–	(1,462)	–
Provision for diminution in carrying value of interests in partnerships		–	(2,137)	–	–
Write-off of loan to a controlled entity		–	–	(3,614)	–
Provision for diminution in carrying values of loan to an associate		(2,086)	–	–	–
Other expenses from ordinary activities		(21,081)	(22,764)	(2,922)	(1,400)
Share of net profits accounted for using the equity method:					
- associates	34	4,238	4,713	–	–
- partnerships	35	12,217	13,004	–	–
- unit trusts	35	2,489	3,552	–	–
Profit from ordinary activities before related income tax expense		17,558	39,446	2,535	8,738
Income tax expense relating to ordinary activities	6(a)	(9,751)	(9,634)	(1,757)	(2,313)
Profit from ordinary activities after related income tax expense		7,807	29,812	778	6,425
Profit/(Loss) from extraordinary item after related income tax expense	7	22,479	(1,414)	–	–
Net profit attributable to members of the parent entity		30,286	28,398	778	6,425
Non-owner transaction changes in equity					
Equity accounted increase/(decrease) in reserves of associates:					
Asset revaluation reserve	25	–	(3)	–	–
Asset realisation reserve	25	–	(2)	–	–
General reserve	25	–	(1,037)	–	–
Foreign currency translation reserve	25	(1,324)	(5,216)	–	–
		(1,324)	(6,258)	–	–

		Consolidated		The Company	
		2003	2002	2003	2002
	Note	$000	$000	$000	$000
Net increase/(decrease) in retained profits on the initial adoption of:					
Revised AASB1012 "Foreign Currency Translation"	2, 26	–	–	–	–
Revised AASB1028 "Employee Benefits"	2, 26	(102)	–	(4)	–
Revised AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"	2, 26	(14,681)	–	–	–
Net exchange difference on translation of financial statements of self-sustaining foreign operations	25	(2,818)	2,214	–	–
		(17,601)	2,214	(4)	–
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		(18,925)	(4,044)	(4)	–
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		11,361	24,354	774	6,425
Basic earnings per share	9	$0.24	$0.24		
Diluted earnings per share	9	$0.24	$0.24		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 11 to 64.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
CURRENT ASSETS					
Cash assets	10	15,215	10,322	97	89
Receivables	11	36,560	64,990	262	65
Inventories	12	9,136	13,718	–	–
Other	15	4,123	3,748	39	27
Total current assets		65,034	92,778	398	181
NON-CURRENT ASSETS					
Receivables	11	24,779	7,228	277,575	327,104
Other financial assets	13	26,850	89,283	54,948	43,155
Investments accounted for using the equity method	14	243,040	198,348	–	–
Property, plant and equipment	16	330,954	340,452	216	190
Intangible assets	17	9,878	11,441	–	–
Deferred tax assets	6(d)	13,997	10,048	13,896	388
Other	18	2,845	4,095	–	–
Total non-current assets		652,343	660,895	346,635	370,837
Total assets		717,377	753,673	347,033	371,018
CURRENT LIABILITIES					
Payables	19	32,460	38,408	1,279	1,201
Interest bearing liabilities	20	37,454	22,115	1,141	235
Current tax liabilities	6(b)	3,185	2,042	3,008	906
Provisions	22	8,259	15,111	730	7,802
Other	23	11,079	9,543	–	–
Total current liabilities		92,437	87,219	6,158	10,144
NON-CURRENT LIABILITIES					
Interest bearing liabilities	20	173,117	235,384	118,482	143,108
Deferred tax liabilities	6(c)	11,139	14,008	10,116	19
Provisions	22	21,517	2,804	752	755
Other	23	528	739	–	–
Total non-current liabilities		206,301	252,935	129,350	143,882
Total liabilities		298,738	340,154	135,508	154,026
Net Assets		418,639	413,519	211,525	216,992
EQUITY					
Contributed equity	24	89,311	89,311	89,311	89,311
Reserves	25	91,961	128,463	36,259	36,259
Retained profits	26	237,367	195,745	85,955	91,422
Total Equity		418,639	413,519	211,525	216,992

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on page 11 to 64.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		295,547	346,526	–	–
Cash payments in the course of operations		(265,245)	(316,179)	(8,911)	(5,687)
Dividends received		833	1,538	674	631
Interest received		1,310	693	207	207
Distributions from partnerships		23,780	25,831	–	–
Other revenue		18,673	17,135	1,505	921
Borrowing costs paid		(14,683)	(18,358)	(6)	(4)
Income tax refunds		1,637	2,986	–	–
Income taxes paid		(9,945)	(16,069)	(1,066)	(3,729)
Extraordinary item – net settlement/(costs) associated with Thredbo Road Collapse		21,399	(2,020)	–	–
Net cash provided/(used) by operating activities	40(ii)	73,306	42,083	(7,597)	(7,661)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of investments		22,211	2,424	750	2,424
Proceeds from disposal of non-current assets		521	13,405	–	–
Payments for property, plant and equipment		(20,761)	(23,291)	(86)	(36)
Proceeds from sale of a 50% interest in a controlled entity		26,407	–	–	–
Payments for increase in investments in associates, partnerships and trusts		(40,516)	(10,770)	(13,750)	–
Payments for the acquisition of new businesses		–	(2,395)	–	–
Return of capital from partnerships		–	6,475	–	–
Decrease in loans to other entities		303	2,804	59	54
Decrease in loans to associates and to partnerships		33,080	3,601	–	–
Net cash (used) /provided by investing activities		21,245	(7,747)	(13,027)	2,442
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		32,281	281,344	–	–
Repayment of borrowings		(107,782)	(321,245)	–	–
Dividends paid		(13,730)	(12,482)	(13,730)	(12,482)
Decrease in intercompany receivables		–	–	33,456	9,328
Net cash (used)/provided by financing activities		(89,231)	(52,383)	19,726	(3,154)
Net (decrease)/increase in cash held		5,320	(18,047)	(898)	(8,373)
Cash at the beginning of the year		10,419	28,466	(146)	8,227
Cash at the end of the year	40(i)	15,739	10,419	(1,044)	(146)

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 11 to 64.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

(b) Principles of consolidation

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entities (the "consolidated entity").

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between entities included in the consolidated financial statements have been eliminated.

The consolidated financial statements of the Company have not recognised the liabilities of controlled entities incurred in their capacity as trustees. These liabilities are offset by a "right of indemnity over trust assets" for liabilities incurred by the trustees on behalf of the trusts. Should the trust assets be insufficient to settle trust liabilities, a provision for deficiency is raised in the trustee's financial statements.

(c) Revenue recognition

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

Sales of goods

Revenue from the sale of goods comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Revenue from the sale of goods is recognised when the control of goods passes to the customer.

Rendering of services

Revenue from rendering services is recognised in the period in which the service is provided.

Interest revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 Tax 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 the 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 statement of financial position.

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.

(e) Foreign currency

Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts receivable and payable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the year in which the exchange rates change, except where:

- hedging specific anticipated transactions or net investments in self-sustaining operations (see Note 1(f))
- relating to amounts payable or receivable in foreign currency forming part of a net investment in a self-sustaining foreign operation. In this case, the exchange difference, together with any related income tax expense/revenue, is transferred to the foreign currency translation reserve on consolidation
- relating to acquisition of qualifying assets (see Note 1(g)).

Translation of controlled foreign entities

The assets and liabilities of foreign operations, that are self-sustaining are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal or partial disposal, of the operations.

For integrated operations the translated amounts for non-monetary assets, other than inventory, are compared to recoverable amounts translated at spot rates at reporting dates and any excess is expensed, unless a revaluation reserve balance exists for non-current assets carried at fair value.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of is transferred to retained earnings in the year of disposal.

(f) Derivatives

The consolidated entity is exposed to changes in interest rates and foreign exchange rates from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps, forward rate agreements, interest rate options and forward foreign exchange contracts and options. Derivative financial instruments are not held for speculative purposes.

Hedges

Where hedge transactions are designated as a hedge of the anticipated purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, gains and losses, on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Derivatives (continued)

The net amounts receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction. The net receivables or payables are revalued using the foreign currency current at reporting date.

When the anticipated transaction is no longer expected to occur as designated the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Interest rate swaps and forward rate agreements

Interest payments and receipts under interest rate swap contracts and realised gains and losses on forward rate agreements are recognised on an accruals basis in the statement of financial performance as an adjustment to interest expense during the period.

Interest rate options

Interest rate options are used to hedge interest rate exposures. The premiums paid on interest rate options and any realised gains or losses on exercise are included in other assets and are amortised to interest expense over the terms of the agreements.

Forward foreign exchange contracts and options

Forward foreign exchange contracts and options are accounted for as described under hedges above.

Net investment in foreign operation

Foreign exchange differences relating to foreign currency transactions hedging a net investment in a self-sustaining foreign operation, together with any related income tax expense/revenue, are transferred to the foreign currency translation reserve on consolidation.

(g) Borrowing costs

Borrowing 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 in deferred expenditure and amortised over the life of the borrowings.

Borrowing 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 those 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 capitalisation rate.

(h) Taxation

Income Tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Taxation (continued)

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

Capital gains tax

Capital gains tax is provided in the statement of financial performance in the year in which an asset is sold.

The tax effect of capital losses is not recorded unless realisation is virtually certain.

Consolidated tax regime

The consolidated entity has elected to enter the consolidated tax regime with effect from 1 July 2002. In this regard, all deferred tax assets and liabilities of controlled entities, which form part of this tax consolidated group as at 1 July 2002, have been transferred to the Company. Furthermore, the income tax expense of the consolidated entity for the year ended 30 June 2003 under the consolidated tax regime has prima facie been expensed in the Company. However, the consolidated entity has entered into a Tax Funding Arrangement whereby the tax expense has been allocated to controlled entities on a notional basis.

(i) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus elements in ordinary shares issued during the year.

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.

(j) Investments

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statements of financial performance when they are received.

Associates

An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the associates' net profit or loss after tax is recognised in the consolidated statement of financial performance after adjustments for revisions in depreciation of depreciable assets and amortisation of goodwill arising from notional adjustments made as at the date of acquisition; dissimilar accounting policies; and the elimination of unrealised profits and losses on transactions between the associate and any entities in the consolidated entity or another associate of the consolidated entity. Other movements in reserves are recognised directly in consolidated reserves.

Partnerships

The consolidated entity's interests in partnerships are accounted for using equity accounting principles in the consolidated financial statements.

The interest is carried at the lower of the equity accounted carrying amount and recoverable amount. The equity accounted carrying amount is cost plus the consolidated entity's share of the partnership's results less drawings. The consolidated entity's share of the partnership's result is included in the consolidated operating result for the year after adjustments for revisions in depreciation of depreciable assets and amortisation of goodwill arising from notional adjustments made as at the date of acquisition.

Other companies and unit trusts

Investments in other companies and unit trusts are carried at the lower of cost or recoverable amount.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment

Revaluation
Land and buildings are independently valued by qualified valuers at least every three years. The current values of those assets are recorded by way of a note to the financial statements unless specifically stated otherwise. This is in addition to the annual review for recoverable amount referred to in Note 1(s).

Depreciation and amortisation
Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated or amortised over their estimated useful lives using the straight line method.

The depreciation or amortisation rates used for each class of asset are as follows:

	2003	**2002**
Freehold buildings	1.25% to 2.5%	1.25% to 2.5%
Leasehold buildings	Term of lease	Term of lease
Plant and equipment	5.0% to 20.0%	5.0% to 20.0%
Leased plant and equipment	5.0% to 20.0%	5.0% to 20.0%

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 and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

Leased plant and equipment
Leases of plant and equipment under which the Company 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.

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 amortised on a straight line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the statements of financial performance.

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.

(l) Acquisition of assets
All assets acquired including property, plant and equipment and intangibles are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

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 consolidated entity 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.

(m) Revisions of accounting estimates
Revisions to accounting estimates are recognised prospectively in current and future periods only.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Research and development costs**
Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

(o) **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.

(p) **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.

(q) **Construction rights**
Construction rights relate to a controlled entity's ability to develop accommodation in the Thredbo Alpine Resort. The costs are being 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.

(r) **Goodwill**
Goodwill, representing excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or the acquisition of assets of another entity, is amortised on a straight line basis over a period not exceeding twenty years, being the period during which benefits are expected to arise.

The unamortised balance of goodwill is reviewed at least each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

(s) **Recoverable amount of non-current assets valued on cost basis**
The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(t) **Non-current receivables**
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 interest income.

(u) **Payables**
Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(v) **Bank loans**
Bank overdrafts and bank loans are carried on the statement of financial position at their principal amount, subject to set-off arrangements in respect of bank overdrafts. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Provisions

Employee entitlements

Provision is made for employee entitlements including annual leave, termination payments not provided under employee retirement funds and the retirement benefits of non-executive Directors. The provision represents the amount which the consolidated entity has a present obligation to pay resulting from the employees' services provided up to the balance date. The provisions expected to be settled within twelve months have been calculated at undiscounted amounts based on the remuneration rates the company expects to pay after the reporting date and includes related on-costs.

The liability for employees' entitlements 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 balance date.

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

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

Doubtful debts

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

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.

Insurance loss contingencies

Certain insurance policies of the consolidated entity contain an excess clause and provision has been made to cover such excess that may be incurred as a consequence of any likely claims.

Warranties

Provision is made for the consolidated entity's estimated liability on all products still under warranty and includes claims already received. The estimate is based on the consolidated entity's warranty costs experience during the current and previous years.

(x) Superannuation plan

The Company and other controlled entities contribute to several defined benefit and defined contribution superannuation plans. Contributions are charged against income as they are made. Further information is set out in Note 28 and 38.

(y) Employee Share and Option Plans

Employee share plan

The company has issued shares to certain employees under an employee share plan. Further information is set out in Note 28. Other than costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the consolidated entity.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share options
The Company has granted options to certain employees under a Management Share Option Plan.

No accounting entries are made in relation to the Management Share Option Plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital. The amounts disclosed for remuneration of directors and executives in notes 36 and 37 include an amount in respect of options on issue that had not vested prior to commencement of the reporting period. Further information on share options is set out in Notes 28, 36 and 37 to the financial report.

NOTE 2 – CHANGE IN ACCOUNTING POLICY OR APPLICATION OF POLICY

(a) Provisions, contingent liabilities and contingent assets

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time from 1 July 2002.

Dividends - Note 8

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of the financial year.

The adjustments to the Company and the consolidated financial report, as at 1 July 2002, as a result of this change are:

- $7,489,000 increase in opening retained profits
- $7,489,000 decrease in provision for dividends.

There was no impact on profit or loss for the reporting period to 30 June 2003.

Onerous contracts

A provision for estimated net losses under onerous contracts is now recognised when the expected benefits from a contract are less than the unavoidable costs of meeting the contractual obligation. Previously, such contractual obligations and related benefits were recognised as they were realised.

As a result of this change, two contracts entered into in previous years, and relating to the long term leases on hotel properties, have been determined to be onerous. Under the transitional arrangements of the new accounting standard AASB 1044, the following initial adjustments to the consolidated financial report have been made as at 1 July 2002:

- $20,972,000 provision for onerous contracts
- $14,681,000 decrease in opening retained profits
- $6,291,000 increase in future income tax benefit.

As a result of this change in accounting policy, losses of $2,827,000 and income tax benefit of $848,000 relating to onerous contracts, which would have been recognised in the consolidated statement of financial performance during the reporting period ended 30 June 2003, were set off against the provision for onerous contracts and future income tax benefit respectively.

(b) Employee benefits

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" (issued in June 2001) for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates expected to be paid as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

- $145,000 (the company: $5,000) increase in provision for employee benefits
- $102,000 (the company: $4,000) decrease in opening retained benefits
- $43,000 (the company: $1,000) increase in future income tax benefit.

As a result of this change in accounting policy, employee benefits expense increased by $2,000 (the Company: ($4,000)) and income tax expense decreased by $1,000 (the company: ($1,000)) for the reporting period to 30 June 2003.

(c) Foreign currency translation

The consolidated entity has applied the revised AASB 1012 "Foreign Currency Translation" (issued in November 2000) for the first time from 1 July 2002.

NOTE 2 – CHANGE IN ACCOUNTING POLICY OR APPLICATION OF POLICY (continued)

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs.

At 1 July 2002, the consolidated entity recognised in respect of initial adjustments for foreign currency hedge contracts:

- deferred costs of $1,896,000, and
- deferred exchange gains of $1,896,000.

There is no impact on the consolidated opening retained profits at 1 July 2002 or on the consolidated statement of financial performance for the reporting period to 30 June 2003.

(d) Pro forma statements of financial performance, and restatement of retained profits, future income tax benefit, provision for dividends, provision for onerous contracts and current provision for employee benefits

The pro forma statements of financial performance, and restatement of retained profits, future income tax benefit, provision for dividends, provision for onerous contracts and current provision for employee benefits below, show the information that would have been disclosed had the new accounting policies disclosed in this note always been applied.

	Consolidated		The Company	
	2003 $'000	2002 $'000 (restated)	2003 $'000	2002 $'000 (restated)
Pro forma statement of financial performance				
Profit from ordinary activities before employee benefits and income tax expense	106,829	135,425	7,150	11,856
Employee benefits expense before change in accounting policy	(92,096)	(97,147)	(4,611)	(3,118)
Effect of change in accounting policy	(2)	(8)	(4)	2
Restated employee benefits expense	(92,098)	(97,155)	(4,615)	(3,116)
Effect of adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts	(2,827)	(1,947)	–	–
Profit from ordinary activities before income tax	17,558	40,217	2,535	8,740
Income tax expense related to ordinary activities				
Income tax expense before change in accounting policies	(10,600)	(9,634)	(1,758)	(2,313)
Effect of adoption of				
AASB 1028 "Employee Benefits"	1	2	1	(1)
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts	848	584	–	–
Income tax expense after change in accounting policies	(9,751)	(9,048)	(1,757)	(2,314)
Profit from ordinary activities after income tax	7,807	31,169	778	6,426
Profit/(loss) from extraordinary items after income tax	22,479	(1,414)	–	–
Net profit				
Net profit attributable to outside equity interests	–	–	–	–
Restated net profit attributable to members of the Company	30,286	29,755	778	6,426

NOTE 2 – CHANGE IN ACCOUNTING POLICY OR APPLICATION OF POLICY (continued)

(d) Pro forma statements of financial performance, and restatement of retained profits, future income tax benefit, provision for dividends, provision for onerous contracts and current provision for employee benefits

	Consolidated 2003 $'000	Consolidated 2002 $'000 (restated)	The Company 2003 $'000	The Company 2002 $'000 (restated)
Restatement of retained profits				
Reported retained profits at end of the previous year	195,745	180,039	91,422	98,727
Increase/(decrease) in retained profits due to change in accounting policy on adoption of:				
Revised AASB 1028 "Employee Benefits"	(102)	(96)	(4)	(5)
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	(7,192)	(8,764)	7,489	6,241
Restated retained profits at beginning of the year	188,452	171,179	98,907	104,963
Restated net profit attributable to members of the parent entity	30,286	29,755	778	6,426
Aggregate of amounts transferred from reserves	32,360	–	–	–
Dividends recognised during the year	(13,730)	(12,482)	(13,730)	(12,482)
Restated retained profits at end of the year	237,367	188,452	85,955	98,907
Restatement of future income tax benefit				
Balance at end of year - as previously reported	13,997	10,048	13,896	388
Effect of change in accounting policy	–	6,334	–	2
Restated balance at end of year	13,997	16,382	13,896	390
Restatement of provision for dividends				
Balance at end of year - as previously reported	–	7,489	–	7,489
Effect of change in accounting policy	–	(7,489)	–	(7,489)
Restated balance at end of year	–	–	–	–
Restatement of provision for onerous contracts				
Balance at end of year - as previously reported	18,145	–	–	–
Effect of change in accounting policy	–	20,972	–	–
Restated balance at end of year	18,145	20,972	–	–
Restatement of provision for employee benefits				
Balance at end of year - as previously reported	7,951	9,593	1,482	1,068
Effect of change in accounting policy	–	145	–	5
Restated balance at end of year	7,951	9,738	1,482	1,073

NOTE 3 – REVENUE FROM ORDINARY ACTIVITIES	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Revenue from operating activities#					
Sale of goods		100,153	101,177	–	–
Rendering of services		178,407	215,989	–	–
		278,560	317,166	–	–
Other revenue					
Dividends received or due and received from:					
Controlled entities		–	–	7	7
Other persons		674	1,101	674	631
		674	1,101	681	638
Interest received or due and receivable from:					
Associates		476	110	–	–
Controlled entities	38	–	–	17,996	23,822
Other persons		834	575	208	208
		1,310	685	18,204	24,030
Directors' fees received from associates	38	–	30	–	–
Management and consulting fees received from:					
Associates	38	934	500	404	–
Controlled entities	38	–	–	8,021	6,198
Partnerships	35	5,233	4,889	–	–
Other persons		4,961	5,093	–	–
		11,128	10,482	8,425	6,198
Rental income received from:					
Associates	38	194	27	–	–
Partnerships		20	30	–	–
Other persons		5,268	4,155	–	–
		5,482	4,212	–	–
Other		154	1,916	19	17
Revenue from outside operating activities					
Amounts received from the sale of a 50% interest in a controlled entity	4(b)	26,407	–	–	–
Amounts received or receivable from sale of non-current assets	4(a)	45,333	16,319	2,211	2,424
Total other revenue		90,488	34,745	29,540	33,307
Total revenue from operating activities		369,048	351,911	29,540	33,307
Revenue including share of sales revenue for partnerships and unit trusts:					
Revenue as listed above		369,048	351,911	29,540	33,307
Partnerships*	35	143,772	127,489	–	–
Unit trusts*	35	11,190	16,172	–	–
		524,010	495,572	29,540	33,307

* To more fairly reflect the operations of the consolidated entity, revenue disclosed includes the consolidated entity's share of the sales revenue earned by partnerships and unit trusts. The share of sales revenue of each partnership and unit trust is disclosed at Note 35.

\# The total decrease in sale of goods and rendering of services has been impacted by the sale of a 50% interest in The Atlab Group, on 9 September 2002, which contributed $77,107,000 to revenue in the prior year and $11,376,000 in the current year.

NOTE 4 – PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
(a) Expenses and losses/(gains)					
Profit from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:					
Cost of goods sold		33,550	35,824	–	–
Borrowing costs:					
Associates		4	4	4	–
Controlled entities	38	–	–	13,261	18,991
Other persons		15,266	19,322	1	4
Finance charges on capitalised leases		4	141	–	–
		15,274	19,467	13,266	18,995
Net bad and doubtful debts expense including movement in the provision for doubtful debts		175	182	–	–
Amortisation of:					
Construction rights		179	182	–	–
Deferred expenditure		645	557	–	–
Intangibles		1,558	1,600	–	–
Leased plant and equipment		60	242	–	–
Leasehold buildings		2,286	2,183	–	–
		4,728	4,764	–	–
Depreciation		17,993	18,747	60	104
Total depreciation and amortisation		22,721	23,511	60	104
Net expense from movements in provision for:					
Employee entitlements		4,925	4,581	375	321
Onerous contracts		(2,827)	–	–	–
Insurance loss contingencies and other		463	22	–	–
		2,561	4,603	375	321
Net foreign exchange losses		263	45	–	–
Operating lease rental expense		18,183	17,953	50	34
Net (gain)/loss on sale of investments		(1,729)	(1,867)	(1,715)	(1,867)
Net (gain)/loss on sale of property, plant and equipment		453	(2,910)	-	106
(b) Unusual items					
(Gain)/loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:					
(Profit)/loss on sale of 50% of Atlab Group		(18,230)	–	–	–
Loss on disposal of a controlled entity		–	–	5,075	–
Loss on sale of investment in Village Roadshow Corporation Limited		35,106	–	–	–
Provision for diminution in carrying value of loan to an associate		2,086	–	–	–
Recoveries of loan to an associate for which a provision for diminution had been raised in previous years		(350)	(608)	–	–
Provision for diminution in carrying values of interest in partnerships	35	–	2,137	–	–
Net gain on sale of property		–	(3,355)	–	–
Unusual items in equity accounted results					
Share of write downs in respect of non-performing cinema sites in an associate and a partnership		6,187	–	–	–
		24,799	(1,826)	5,075	–

NOTE 5 – AUDITORS' REMUNERATION	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Audit services:				
Auditors of the Company - KPMG (Australian Firm)	765,651	716,195	204,432	193,839
Other international KPMG related practices	50,665	75,112	–	–
	816,316	791,307	204,432	193,839
Other services:				
Auditors of the Company- KPMG (Australian Firm)				
Taxation services	115,584	194,485	29,603	83,154
Tax consolidation regime advice	29,370	–	29,370	–
Borrowing covenant compliance assurance	6,000	8,840	6,000	8,840
Employee share plan	–	12,996	–	12,996
International corporate advice	–	16,013	–	16,013
Other	34,776	14,907	21,736	4,529
	185,730	247,241	86,709	125,532
Other international KPMG related practices				
Taxation services	59,617	72,543	–	–
International structure and corporate advice	–	108,232	–	34,112
Other	4,319	30,581	–	–
	63,936	211,356	–	34,112
	249,666	458,597	86,709	159,644

NOTE 6 –TAXATION	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
(a) Income tax expense				
Prima facie income tax expense calculated at 30% on the profit from ordinary activities	5,267	11,833	761	2,621
Increase in income tax expense due to:				
Depreciation/amortisation of buildings	848	832	–	–
Amortisation of intangibles	596	480	–	–
Depreciation of plant and equipment	179	179	–	–
Capital losses not deductible	10,531	–	1,522	–
Provision for diminution in carrying value of investments and loans in partnerships and associates	626	641	–	–
Tax benefit on losses not brought to account	–	356	–	–
Partnership deferred income tax adjustments	1,343	–	–	–
Tax losses of non-resident controlled entity not carried forward as future income tax benefit	35	179	–	–
Net higher overseas tax rate	18	44	–	–
Sundry items	230	–	244	243
	14,406	2,711	1,766	243
Decrease in income tax expense due to:				
Rebatable dividend income	–	373	–	189
Franking credits on dividends received	291	–	291	–
Share of associates' net profit	1,223	1,282	–	–
Capital profits offset by capital losses	6,520	1,597	515	559
Tax depreciation on building devaluation decrement	254	264	–	–
Tax benefit on losses not previously brought to account	–	282	–	–
Write off of interest on loans to controlled entities	–	320	–	–
Reversal of loans previously written off	–	392	–	–
Sundry items	–	183	–	17
	8,288	4,693	806	765
Income tax (over)/under provided in prior year	439	(217)	36	214
Income tax attributable to operating profit before unusual income tax items	11,824	9,634	1,757	2,313
Unusual income tax items:				
Adjustments to deferred tax balances due to entry into the consolidation tax regime	(2,073)	–	–	–
Income tax expense attributable to operating profit	9,751	9,634	1,757	2,313
Income tax expense/(credit) attributable to operating profit is made up of:				
Current income tax provision	10,322	10,400	1,817	2,151
Deferred income tax provision	(2,480)	(340)	(2)	(29)
Future income tax benefit	1,628	(544)	(94)	(23)
Tax effect on hedged investment in self sustaining foreign operations eliminated against the foreign currency translation reserve	(158)	335	–	–
(Over)/under provision in prior year	439	(217)	36	214
	9,751	9,634	1,757	2,313

NOTE 6 – TAXATION (continued)	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
(b) Current tax liabilities				
Provision for current income tax				
Movements during the year:				
Balance at the beginning of year	2,042	5,514	906	2,592
Income tax paid	(9,945)	(16,069)	(778)	(2,566)
Current year's income tax expense on operating profit	10,322	10,400	1,817	2,151
Income tax attributable to extraordinary items	(1,080)	(606)	–	–
Tax refunds received	1,637	2,986	–	–
Tax losses transferred	–	–	(290)	(1,068)
Transfer on entry to tax consolidations regime	–	–	1,317	–
(Over)/under provision in prior year	209	(183)	36	(203)
	3,185	2,042	3,008	906
(c) Deferred tax liabilities				
Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following items:				
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	6,420	9,155	5,397	16
Interest and holding charges capitalised	1,559	1,768	1,559	–
Expenditure currently deductible for tax but deferred and amortised for accounting purposes	817	860	817	–
Prepayments	232	245	232	3
Share of partnership timing differences	1,689	1,539	1,689	–
Sundry items	422	441	422	–
	11,139	14,008	10,116	19
(d) Deferred tax assets				
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% on the following items:				
Provisions and accrued employee entitlements not currently deductible	9,319	3,611	9,218	321
Unrealised foreign exchange losses not currently deductible	187	827	187	–
Deferred revenue	168	168	168	–
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	2,308	1,631	2,308	–
Share of partnerships timing differences	832	1,545	832	–
Tax losses carried forward	437	1,894	437	–
Sundry items	746	372	746	67
	13,997	10,048	13,896	388
Future income tax benefits not taken to account				
The potential future income tax benefits in controlled entities, which are companies, arising from tax losses and timing differences have not been recognised as an asset because recovery of tax losses are not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:				
Tax losses carried forward	16,533	8,189	12,246	–
Timing differences	–	–	–	–
	16,533	8,189	12,246	–

NOTE 6 – TAXATION (continued)

The potential future income tax benefits will only be obtained if:

(i) the relevant companies derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the requirements of the appropriate jurisdiction;

(ii) the relevant companies and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant companies and/or the consolidated entity in realising the benefit.

Tax consolidation legislation

Amalgamated Holdings Limited and its wholly-owned Australian subsidiaries have decided to implement the tax consolidation legislation as of 1 July 2002. The entities have entered into a tax sharing agreement. As a consequence, Amalgamated Holdings Limited, as head entity in the tax consolidated group, will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group in future financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. Amounts receivable or payable under the tax sharing agreement will be recognised separately by Amalgamated Holdings Limited as tax-related amounts receivable or payable. The impact on the tax expense and results of Amalgamated Holdings Limited is unlikely to be material because of its tax sharing agreement. This is not expected to have a material impact on the consolidated assets and liabilities and results.

The financial effect of the implementation of the legislation has been recognised in the financial statements as an unusual income tax credit amounting to $2,073,000.

NOTE 7 – EXTRAORDINARY ITEM	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Net settlement/(costs) associated with Thredbo road collapse	21,399	(2,020)	–	–
Income tax effect	1,080	606	–	–
	22,479	(1,414)	–	–

During the year a controlled entity settled its damages claim against the State of New South Wales and others. The receipt of the settlement brings to an end the consolidated entity's involvement in Supreme Court litigation arising out of the 1997 Thredbo road collapse.

NOTE 8 – DIVIDENDS	Cents per share	Total amount $000	Date of Payment	Tax rate for franking credit	Percentage franked
Dividends on ordinary shares paid by the Company during the year are:					
2003					
Interim	5	6,241	27 March 2003	30%	100%
Final 2002 dividend paid. Recognised when declared during the year. Refer Note 2 "Changes in Accounting Policies"	6	7,489	3 October 2002	30%	100%
		13,730			
2002					
Interim	5	6,241	12 April 2002	30%	100%
Final (provided for)	6	7,489	3 October 2002	30%	100%
		13,730			
Subsequent events					
Since the end of the financial year, the directors declared the following dividends					
Final	6.5	8,113	18 September 2003	30%	100%

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2003 and will be recognised in subsequent financial reports.

NOTE 8 – DIVIDENDS (continued)	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Dividend franking account				
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:				
Class C 30% (2002: 30%) franking credits	77,502	69,503	77,502	7,868

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at year end
(c) franking credits that will arise from the receipt of dividends recognised as receivables at year end
(d) franking credits that the entity may be prevented from distributing in subsequent years.

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

From 1 July 2002 the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits.

As a result the "franking credits available" were converted as at 1 July 2002 from $162,173,000 to $69,503,000 for the consolidated entity and from $18,360,000 to $7,868,000 for the Company.

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

NOTE 9 – EARNINGS PER SHARE - CALCULATION BASIS

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 share options are contained in Note 28.

	Consolidated 2003 $000	Consolidated 2002 $000
Earnings reconciliation		
Net Profit	30,286	28,398
Restatement of prior year earnings for effect of change in accounting policy adjusted directly against retained profits	–	1,357
Basic and Diluted Earnings	30,286	29,755
	Number	**Number**
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	124,814,442	124,814,442
Effect of management share options on issue	134,320	194,732
Number for diluted earnings per share	124,948,762	125,009,174

		Consolidated		The Company	
NOTE 10 – CASH ASSETS	**Note**	**2003 $000**	**2002 $000**	**2003 $000**	**2002 $000**
Cash on hand and on deposit		15,215	10,322	97	89

NOTE 11 – RECEIVABLES

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Current					
Trade debtors		11,709	22,200	–	–
Less: Provision for doubtful trade debtors		(931)	(844)	–	–
		10,778	21,356	–	–
Receivable from other companies		1,685	1,939	–	–
Less: Provision against recovery		(700)	–	–	–
		985	1,939	–	–
Short term deposits		524	97	–	–
Other debtors		6,375	7,468	262	65
Loan to unit trust		–	18,583	–	–
Loans to associates		15,865	14,227	–	–
Loans to partnerships		2,033	1,320	–	–
		36,560	64,990	262	65
Non-current					
Receivable from other companies		22,784	275	–	–
Loans to associates		208	5,110	–	–
Loans provided under AHL employee share plan	28	1,787	1,843	1,787	1,843
Loans to controlled entities	38	–	–	275,788	325,261
		24,779	7,228	277,575	327,104

NOTE 12 – INVENTORIES

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
At cost:				
Raw materials and stores	3,450	6,168	–	–
Work in progress	286	1,713	–	–
Finished goods	5,400	5,837	–	–
	9,136	13,718	–	–

NOTE 13 – OTHER FINANCIAL ASSETS

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Non-current					
Investments in controlled entities (unquoted)					
At cost	33	–	–	37,189	38,651
Investments in other companies					
At cost:					
Unquoted		1,758	68,604	13,750	–
Quoted (1)		12,263	12,759	4,009	4,504
		14,021	81,363	17,759	4,504
Investments in other entities					
Unit trust – at cost	35	12,829	7,920	–	–
		26,850	89,283	54,948	43,155
Quoted market value at 30 June 2003					
(1) Shares in other companies		27,899	28,825	19,981	20,972

Option Granted Over Shares in Quoted Company

During the year ended 30 June 2003 the Company granted an option to an unrelated company to purchase the shareholdings in a quoted company held by the Company and a controlled entity. The option can be exercised, subject to compliance with certain conditions, at any time until 17 May 2004. A potential gain on disposal of $1,732,000 would be recognised in the statement of financial performance if and when the option is exercised.

NOTE 14 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Associates	34	121,729	124,686	–	–
Partnerships	35	121,311	73,662	–	–
		243,040	198,348	–	–

NOTE 15 – OTHER CURRENT ASSETS					
Prepayments		2,723	2,240	39	27
Deferred expenditure - net	18	1,213	1,280	–	–
Construction rights - net	18	187	228	–	–
		4,123	3,748	39	27

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
At cost	262,925	251,040	–	–
Less: Accumulated depreciation	(40,537)	(37,946)	–	–
	222,388	213,094	–	–
Leasehold land				
At cost	56	56	–	–
Leasehold buildings				
At cost	59,740	56,992	–	–
Less: Accumulated amortisation	(25,547)	(23,166)	–	–
	34,193	33,826	–	–
Capital works in progress				
At cost	1,134	11,853	–	–
Plant and equipment				
At cost	187,898	204,564	791	705
Less: Accumulated depreciation	(114,739)	(124,659)	(575)	(515)
	73,159	79,905	216	190
Leased plant and equipment				
At capitalised cost	79	1,984	–	–
Less: Accumulated amortisation	(55)	(266)	–	–
	24	1,718	–	–
Total property, plant and equipment at net book value	330,954	340,452	216	190

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous year are set out below:

	Consolidated		The Company	
	2003 $000	2002 $000	2003 $000	2002 $000
Freehold land and buildings				
Carrying amount at the beginning of the year	213,094	218,849	–	–
Additions	1,282	1,543	–	–
Transfer from capital works in progress	14,696	4,718	–	–
Net foreign currency differences on translation of self-sustaining operations	83	1,519	–	–
Disposals through part sale of entities	(3,325)	–	–	–
Disposals – other	(16)	(9,594)	–	–
Depreciation	(3,426)	(3,941)	–	–
Carrying amount at the end of the year	222,388	213,094	–	–
Leasehold land				
Carrying amount at the beginning of the year	56	56	–	–
Carrying amount at the end of the year	56	56	–	–
Leasehold buildings				
Carrying amount at the beginning of the year	33,826	34,211	–	–
Additions	495	2,431	–	–
Acquisitions through entity acquired	2,147	–	–	–
Transfer from capital works in progress	59	327	–	–
Transfer to plant and equipment	–	(1,089)	–	–
Net foreign currency differences on translation of self-sustaining operations	9	131	–	–
Disposals	(57)	(2)	–	–
Depreciation	(2,286)	(2,183)	–	–
Carrying amount at the end of the year	34,193	33,826	–	–
Capital works in progress				
Carrying amount at the beginning of the year	11,853	2,587	–	–
Net foreign currency differences on translation of self-sustaining operations	(24)	44	–	–
Additions	10,621	17,369	–	–
Transfer from capital works in progress	(21,316)	(8,147)	–	–
Carrying amount at the end of the year	1,134	11,853	–	–
Plant and equipment				
Carrying amount at the beginning of the year	79,905	83,614	190	364
Additions	9,049	7,633	86	36
Acquisitions through entity acquired	90	–	–	–
Transfer from capital works in progress	6,561	3,102	–	–
Net foreign currency differences on translation of self-sustaining operations	13	172	–	–
Transfer from leasehold buildings	–	1,089	–	–
Disposals through part sale of entities	(6,992)	–	–	–
Disposals – other	(900)	(899)	–	(106)
Depreciation	(14,567)	(14,806)	(60)	(104)
Carrying amount at the end of the year	73,159	79,905	216	190

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Leased plant and equipment				
Carrying amount at the beginning of the year	1,718	51	–	–
Additions	–	1,905	–	–
Net foreign currency differences on translation of self-sustaining operations	–	4	–	–
Disposals through part sale of entities	(1,634)	–	–	–
Depreciation	(60)	(242)	–	–
Carrying amount at the end of the year	24	1,718	–	–

Directors' valuations

In determining current values for land, buildings and integral plant and equipment in the consolidated entity's financial statements, Directors have relied upon independent valuations from qualified valuers, carried out by Herron Todd White at 30 June 2001 and Jones Lang Lasalle at 30 June 2003. The valuations are in accordance with the consolidated entity's policy of obtaining independent valuations of land and buildings by qualified valuers at least every three years.

		Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Due to the diversity of the consolidated entity's operations, valuations have been prepared on a highest and best alternate use, going concern or existing use basis. A summary is set out as follows:					
Highest and best alternate use:					
Directors' valuation	- 2001	–	3,600	–	–
Independent valuation	- 2001	22,725	22,725	–	–
Going concern:					
Independent valuation	- 2003	186,016	–	–	–
	- 2001	151,950	151,950	–	–
	- 2000	–	185,572	–	–
Existing use:					
Directors' valuation	- 2003	20,194	–	–	–
	- 2001	–	32,168		
Independent valuation	- 2001	29,250	32,650	–	–
Total current values		410,135	428,665	–	–

In determining the current value of land, buildings and integral plant and equipment, the Directors have not taken into account the potential impact of capital gains tax. Any capital gains tax liability is brought to account in the year in which the related assets are sold.

NOTE 17 – INTANGIBLES	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Goodwill - at cost	19,511	22,766	–	–
Less: Accumulated amortisation	(9,894)	(11,407)	–	–
	9,617	11,359	–	–
Liquor licences	261	82	–	–
	9,878	11,441	–	–

		Consolidated		The Company	
		2003	2002	2003	2002
NOTE 18 – OTHER NON-CURRENT ASSETS	Note	$000	$000	$000	$000
Deferred expenditure – net		508	1,621	–	–
Construction rights – net		1,697	1,835	–	–
Wildlife		640	639	–	–
		2,845	4,095	–	–
Deferred expenditure					
Pre-opening costs		2,010	1,937	–	–
Capitalised borrowing costs		2,428	2,403	–	–
Other		587	825	–	–
		5,025	5,165	–	–
Less: Accumulated amortisation		(3,304)	(2,264)		
		1,721	2,901	–	–
Split between:					
Current	15	1,213	1,280	–	–
Non-Current		508	1,621	–	–
		1,721	2,901	–	–
Construction rights					
At cost		5,531	5,531	–	–
Less: Accumulated amortisation		(3,647)	(3,468)	–	–
		1,884	2,063	–	–
Split between:					
Current	15	187	228	–	–
Non-Current		1,697	1,835	–	–
		1,884	2,063	–	–

NOTE 19 – PAYABLES	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Trade creditors		5,818	13,417	79	17
Other creditors and accruals		26,642	24,991	1,200	1,184
		32,460	38,408	1,279	1,201

NOTE 20 – INTEREST BEARING LIABILITIES

		Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Current						
Bank overdrafts	– secured	21	–	–	1,141	235
Bank bills payable	– secured	21	5,000	21,804	–	–
Deferred consideration payable	– secured		31,988	–	–	–
Loans from associates	– unsecured		448	30	–	–
Lease liabilities	– secured	29	18	281	–	–
			37,454	22,115	1,141	235
Non-current						
Bank bills payable	– secured	21	170,886	230,858	–	–
Loans from associates	– unsecured		260	617	99	95
Loans from controlled entities	– unsecured	38	–	–	118,383	143,013
Loans from other companies	– unsecured		1,960	2,454	–	–
Lease liabilities	– secured	29	11	1,455	–	–
			173,117	235,384	118,482	143,108

The Company's bank overdraft facility is subject to a set-off arrangement with funds on deposit of certain controlled entities

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Deferred consideration payable Deferred settlement on outstanding amount in relation to the acquisition of 16.7% in Australian Theatres Joint Venture. The amount payable will be secured by a charge over the assets transferred, with priority given by syndicated financiers.	31,988	–	–	–

NOTE 21 – FINANCING ARRANGEMENTS

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Syndicated loan, bi-lateral and working capital facilities				
These facilities provide access to the following lines of credit:				
Bank overdrafts	5,500	5,500	–	–
Bank bills payable	228,850	261,232	–	–
	234,350	266,732	–	–
Facilities utilised at balance date:				
Bank overdrafts	–	–	–	–
Bank bills payable	175,886	252,662	–	–
	175,886	252,662	–	–
Facilities not utilised at balance date:				
Bank overdrafts	5,500	5,500	–	–
Bank bills payable	52,964	8,570	–	–
	58,464	14,070	–	–

The consolidated entity maintained its facilities during the year, which comprise an amortising A$255 million multi-currency revolving loan note issuance facility and an amortising NZ$30 million revolving loan note issuance facility, which mature on 9 July 2004. The required reductions in commitment at 30 June 2002 and 30 June 2003 have been made and the current level of commitment stands at A$202,785,000 and NZ$23,800,000. The consolidated entity also has working capital facilities including bank overdraft set-off (repayable on demand), cash advance and bank guarantee facilities in amounts totalling $19 million (subject to annual review). All these facilities are secured by a fixed and floating charge and interlocking guarantees from most Group companies under a Common Security Deed executed in July 2001.

		Consolidated		The Company	
		2003	2002	2003	2002
NOTE 22 – PROVISIONS	Note	$000	$000	$000	$000
Current					
Dividends	8, 2(a)	–	7,489	–	7,489
Employee benefits	28	5,794	7,350	730	313
Onerous contracts	2(a)	1,742	–	–	–
Insurance loss contingencies and other		723	272	–	–
		8,259	15,111	730	7,802
Non-current					
Employee benefits	28	2,157	2,243	752	755
Onerous contracts	2(a)	16,403	–	–	–
Support of related entities		2,957	561	–	–
		21,517	2,804	752	755

Reconciliations

Reconciliations of the carrying amounts of each class of provisions, except for employee entitlements, are set out below:

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Dividends					
Carrying amount at beginning of year		7,489	6,241	7,489	6,241
Adjustment on adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	2(a)	(7,489)	–	(7,489)	–
Provisions made during the period					
Final dividend		7,489	7,489	7,489	7,489
Interim dividend		6,241	6,241	6,241	6,241
Payments made during the year		(13,730)	(12,482)	(13,730)	(12,482)
Carrying amount at the end of the year		–	7,489	–	7,489
Onerous Contracts					
Carrying amount at beginning of year		–	–	–	–
Adjustment on adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	2(a)	20,972	–	–	–
Provisions utilised in the period		(2,827)	–	–	–
Carrying amount at the end of the year		18,145	–	–	–
Insurance loss contingencies and other					
Carrying amount at beginning of year		272	555	–	–
Provisions made during the period		451	–	–	–
Payments made during the year		–	(283)	–	–
Carrying amount at the end of the year		723	272	–	–
Support of related entity					
Carrying amount at beginning of year		561	561	–	–
Increase in provision		4,657	–	–	–
Reduction made during the year		(2,261)	–	–	–
Carrying amount at the end of the year		2,957	561	–	–

NOTE 23 – OTHER LIABILITIES	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Current				
Deferred revenue	11,079	9,543	–	–
Non-current				
Deferred revenue	528	739	–	–

	Consolidated		The Company	
	2003	2002	2003	2002
NOTE 24 – CONTRIBUTED EQUITY	$000	$000	$000	$000
Issued and paid-up capital				
124,814,442 (2002 : 124,814,442) ordinary shares, fully paid	89,311	89,311	89,311	89,311
Movements in ordinary share capital				
Balance at the beginning of the year	89,311	89,311	89,311	89,311
Balance at the end of the year	89,311	89,311	89,311	89,311

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Note 28 provides details of ordinary share options.

NOTE 25 – RESERVES	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Asset revaluation	10,847	11,767	13,497	13,497
Asset realisation	81,750	87,998	22,288	22,288
General	735	26,804	474	474
Foreign currency translation	(1,371)	1,894	–	–
	91,961	128,463	36,259	36,259
Asset revaluation				
Balance at the beginning of the year	11,767	13,181	13,497	13,497
Transfer (to)/from asset realisation reserve	–	(373)	–	–
Transferred to retained earnings upon liquidation of group company	–	(1,038)	–	–
Transferred to retained earnings upon sale of investment that had previously been equity accounted	(920)	–	–	–
Share of associates' decrement in asset revaluation reserve	–	(3)	–	–
Balance at the end of the year	10,847	11,767	13,497	13,497
Asset realisation				
Balance at the beginning of the year	87,998	87,627	22,288	22,288
Transfer to/(from) asset revaluation reserve	–	373	–	–
Transferred to retained earnings upon sale of investment that had previously been equity accounted	(6,248)	–	–	–
Share of associates' (decrement)/increment in asset realisation reserve	–	(2)	–	–
Balance at the end of the year	81,750	87,998	22,288	22,288
General				
Balance at the beginning of the year	26,804	27,841	474	474
Transferred to retained earnings upon sale of investment that had previously been equity accounted	(26,069)	–	–	–
Share of associates' decrement in general reserve	–	(1,037)	–	–
Balance at the end of the year	735	26,804	474	474
Foreign currency translation				
Balance at the beginning of the year	1,894	4,896	–	–
Translation adjustment on controlled foreign entities' financial statements	(2,818)	2,214	–	–
Transferred to retained earnings upon sale of investment that had previously been equity accounted	877	–	–	–
Share of associates' decrement in foreign currency translation reserve	(1,324)	(5,216)	–	–
Balance at the end of the year	(1,371)	1,894	–	–

Asset revaluation
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in prior years. The balance of this account is not available for future asset write-downs as a result of using the deemed cost election for land and buildings when adopting Accounting Standard AASB 1041 "Revaluation of Non-Current Assets".

Asset realisation
Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the asset realisation reserve.

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

General
The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes.

		Consolidated		The Company	
		2003	2002	2003	2002
NOTE 26 – RETAINED PROFITS	**Note**	**$000**	**$000**	**$000**	**$000**
Retained profits at beginning of year		195,745	180,039	91,422	98,727
Net profit/(loss) attributable to members of the parent entity		30,286	28,398	778	6,425
Net effect of initial adoption of:					
Revised AASB 1028 "Employee Benefits"	2(b)	(102)	–	(4)	–
Revised AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	2(a)	(14,681)	–	–	–
		(14,783)	–	92,196	–
Net effect on dividends from:					
Initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	2(a)	7,489	–	7,489	–
Dividends recognised during the year		(13,730)	(13,730)	(13,730)	(13,730)
Total dividends		(6,241)	(13,730)	(6,241)	(13,730)
Transferred in from asset revaluation reserve upon liquidation of group company		–	1,038	–	–
Transferred in from reserves upon sale of investment that had been previously equity accounted	25	32,360	–	–	–
		32,359	1,038	–	–
Retained profits at the end of the year		237,367	195,745	85,955	91,422

NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk

The consolidated entity manages interest rate risk in accordance with a Board approved policy covering the types of instruments, the range of protection and duration. 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 consolidated entity to raise long term borrowings at floating rates and swap them into fixed rates. Interest rate options are purchased to reduce the impact of changes in interest rates paid on floating rate long term debt. The premiums for interest rate options purchased are deferred until the option start date and then amortised to interest expense over the term of the option.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. The consolidated entity currently hedges interest bearing debt in $A, Euro and NZ$ with cover at 30 June 2003 extending to December 2007 in $A, December 2005 in Euro and June 2006 in NZ$. At 30 June 2003 the consolidated entity had 74% (2002: 72%) of debt hedged at an average effective rate of 5.29% (2002: 5.37%). The forecast position for the year ended June 2004 is 64% and for the year ended June 2005 is 66%.

	$A	Euro	NZ$	Total
	A$000	A$000	A$000	$000
Financial Arrangements				
30 June 2003				
Total debt	73,015	87,981	14,890	175,886
% Hedged	96%	59%	59%	74%
Average rate	5.85%	4.31%	6.63%	5.29%
30 June 2002				
Total debt	145,984	90,104	16,574	252,662
% Hedged	68%	78%	79%	72%
Average rate	6.07%	4.27%	5.93%	5.37%

NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

The consolidated entity's exposure to interest rate risk is set out below:

		2003					2002				
	Note	Weighted average interest rate %	Fixed Interest Rate $000	Floating Interest Rate $000	Non Interest bearing $000	Total $000	Weighted average interest rate %	Fixed Interest Rate $000	Floating Interest rate $000	Non Interest bearing $000	Total $000
Financial assets											
Cash	10	4.25	–	15,215	–	15,215	4.25	–	10,322	–	10,322
Trade debtors	11	–	–	–	11,709	11,709	–	–	–	22,200	22,200
Other receivables	11	–	–	–	30,668	30,668	–	–	–	9,779	9,779
Loans to unit trust	11	–	–	–	–	–	–	–	–	18,583	18,583
Loans to associated companies	11	–	–	–	16,073	16,073	–	–	–	19,337	19,337
Loans to partnerships	11	–	–	–	2,033	2,033	–	–	–	1,320	1,320
Loans provided under AHL employee share plan	11	–	–	–	1,787	1,787	–	–	–	1,843	1,843
		–	–	15,215	62,270	77,485	–	–	10,322	73,062	83,384
Financial liabilities											
Bank bills payable	20	6.18	–	175,886	–	175,886	7.02	–	252,662	–	252,662
Payable to other companies	20	5.30	31,988	–	–	31,988	–	–	–	–	–
Accounts payable	19	–	–	–	32,460	32,460	–	–	–	38,408	38,408
Other borrowings	20	–	29	–	2,668	2,697	–	1,736	–	3,101	4,837
Provision for dividends	22	–	–	–	–	–	–	–	–	7,489	7,489
Provision for onerous contracts	22	–	–	–	18,145	18,145	–	–	–	–	–
Employee benefits and other provisions	22	–	–	–	8,674	8,674	–	–	–	9,865	9,865
		–	32,017	175,886	61,947	269,850	–	1,736	252,662	58,863	313,261

Foreign exchange risk

The consolidated entity enters into forward foreign exchange contracts to hedge certain anticipated commitments denominated in foreign currencies. Where financial commitments arising from the foreign currency borrowings are forecast to be met from future cash flows in the respective countries a long term natural hedge is deemed to exist.

The consolidated entity's policy is to enter into forward foreign exchange contracts to hedge a proportion of other foreign currency commitments and receivables within Board approved limits. The terms of these commitments are rarely for more than three years. The consolidated entity had no other forward foreign exchange contracts outstanding at 30 June 2003.

The following table sets out the Australian dollar gross value to be received or paid under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Continued)	2003 Weighted average rate	2002 Weighted average rate	2003 $'000	2002 $'000
Sell GBP				
Not longer than one year	–	0.40	–	2,167
Sell USD				
Not longer than one year	–	0.51	–	20,581
Later than one year but not later than two years	–	0.53	–	7,960
Later than two years but not later than three years	–	0.53	–	1,327
			–	29,868

As these contracts are hedging anticipated receipts and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrecognised gain on hedges of anticipated foreign currency and the timing of their anticipated recognition as part of the sales or purchases are:

	Consolidated Net gain/(loss) 2003 $000	Consolidated Net gain/(loss) 2002 $000
Not later than one year	–	1,586
Later than one year but not later than two years	–	272
Later than two years but not later than three years	–	38
	–	1,896

Credit risk exposures
Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted.

Recognised financial instruments
The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statement of financial position is the carrying amount, net of the provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers. The consolidated entity is not materially exposed to any individual overseas country or individual trade customer.

The credit in respect of non-trade and non-current receivables is minimised by the obtaining of appropriate security against the amount receivable.

Unrecognised financial instruments
Credit risk on derivative contracts which has not been recognised on the statement of financial position is minimised as counter parties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Interest rate derivatives and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs, should the counter party fail to pay the amount which it is committed to pay the consolidated entity. The full amount of the exposure is disclosed above. The credit risk on interest rate derivatives is limited to the net amount to be received from counter parties on contracts that are favourable to the consolidated entity. The net fair value due to the consolidated entity at 30 June 2003 amounted to $53,000 (2002 - $2,171,000).

Net fair values of financial assets and liabilities

Valuation approach
Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised financial instruments
Listed shares included in "Investments" are traded in an organised financial market. The net fair value of listed shares is determined by valuing them at the current quoted market bid price for an asset adjusted for transaction costs necessary to realise the asset (refer Note 13).

The carrying amounts of accounts receivable, accounts payable, bank loans and provision for dividends approximate net fair value. The net fair value of investments in unlisted shares in other companies is determined using standard valuation techniques.

NOTE 27 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Continued)

Unrecognised financial instruments

The valuation of financial instruments not recognised in the statement of financial position detailed in this note reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at balance date. This is based on independent market quotations and determined using standard valuation techniques. The net fair values of financial instruments not recognised in the statement of financial position held as at the balance date are:

	2003 $000	2002 $000
Interest rate swaps	(1,416)	(445)
Interest rate options	(1,538)	(763)
Foreign exchange contracts	–	1,896
Cross currency swaps	(965)	7
	(3,919)	695

In securing certainty over future cash flows by hedging certain transactions, the consolidated entity has incurred a net notional cost of $3,919,000 (2002 : notional gain $695,000). This notional cost will be offset by an equivalent favourable movement on the underlying transactions.

NOTE 28 – EMPLOYEE BENEFITS

	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Number of employees				
Number of employees at year end	1,829	2,002	23	17

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Employee benefits					
Aggregate liability for employee benefits including on-costs					
Current					
Employee benefits provision	22	5,794	7,350	730	313
Non-Current					
Employee benefits provision	22	2,157	2,243	752	755
		7,951	9,593	1,482	1,068

Management share option plan

During the year the following management share plan options were issued:

Issue Date	Expiry Date	Exercise Price	Number of Options
18 July 2002	30 September 2006	$2.59	100,000
20 December 2002	30 September 2006	$2.22	250,000

Unissued ordinary shares of the Company under option are:

Issue Date	Expiry Date	Exercise Price	Number of Options
30 October 2000	30 October 2005	$2.27	400,000
5 February 2002	30 September 2006	$2.26	1,355,000
18 July 2002	30 September 2006	$2.59	100,000
20 December 2002	30 September 2006	$2.22	250,000

58,000 options with an exercise price of $5.75 expired on 17 December 2002.

No options were exercised during the year and no amounts were therefore recognised in the financial statements in relation to the management share option plan.

NOTE 28 – EMPLOYEE BENEFITS (continued)

Management Share Options Issued on or after 5 February 2002
Management share options, have been issued to 94 employees. Options issued to each eligible employee ranged from 2,500 to 250,000 options.

The ability to exercise these options is conditional on the consolidated entity achieving certain performance hurdles relating to increases in operating profit (5% per annum), earning per share (5% per annum) and the market value of the company's share price (10% per annum). The performance hurdles are to be evaluated on 30 September 2004 at which time the Board will select, in light of relevant factors relating to the consolidated entity, the hurdles to be applied. If the hurdles relating to operating profit and earnings per share are not met, however, growth in share price is achieved, the Board, at its discretion, may permit the exercise of up to 50% of the options granted to participants. If performance hurdles, chosen by the Board, are achieved, options may be exercised from 30 September 2004 until 30 September 2006. If a participant ceases to be employed by a company in the consolidated entity before 30 September 2004, the entitlement to exercise the options is only given in certain limited circumstances. These limited circumstances only apply after 12 months employment with the consolidated entity, from the date of the option issue. If the circumstance occurs within 12 months of the issue date, options may only be exercised if and to the extent, and during the period, permitted by the Board.

The issue of options under this Plan did not represent remuneration for past service.

Management Share Options Issued prior to 5 February 2002
Management share options issued on 30 October 2000 were issued under Option Plan Rules existing at that time. The ability to exercise these options is conditional on the consolidated entity achieving a performance hurdle relating to increased shareholder value of 10% per annum. Unless the Board otherwise determines, the options can be exercised from a date three years after the issue dates until the expiry date, provided the performance hurdle condition is met. If a participant ceases to be employed by a company in the consolidated entity the options lapse, subject to the Board having the discretion to allow the options to be exercised in certain limited circumstances including death or total and permanent disability.

The issue of options under this Plan did not represent remuneration for past service.

AHL employee share plan
At 30 June 2003, the total shares issued under the AHL employee share plan was 499,720. There were no shares issued under the plan during the year.

The market value of ordinary shares at 30 June 2003 was $2.37.

Superannuation commitments
The Company and relevant controlled entities contribute on behalf of certain employees to the Amalgamated Holdings Superannuation Fund (the "Fund"). The Fund provides benefits predominantly on an accumulation basis based on contributions received from employees and the Company and relevant controlled entities plus the earnings of the Fund. An employee who was a member of a prior fund has been provided with a guaranteed minimum defined benefit based on years of service and final average salary.

The Company and relevant controlled entities are obliged to contribute to the Fund at such rates as the actuary recommends from time to time. Employee contributions are based on various percentages of Fund salary. Based on advice from the Fund's actuary, contributions by the Company and relevant controlled entities are being partially funded from reserves of the Fund. On admission to the Fund, all employees are entitled to benefits on retirement, disability or death or on termination of employment.

An actuarial assessment of the Fund as at 1 July 2000 was carried out by Mr Michael F. Murphy, FIA, FIAA. The actuary concluded that the assets of the Fund were sufficient to meet all benefits payable in the event of the Fund's termination, or the voluntary or compulsory termination of employment of each employee of the consolidated entity.

NOTE 28 – EMPLOYEE ENTITLEMENTS (continued)

The Fund assets at net market value, total accrued benefits and total vested benefits of the Fund at 30 June 2002 (2002: 30 June 2001), being the date of the most recent financial report of the Fund, are as follows:-

2003 $000	2003 $000	2003 $000	2003 $000	2002 $000	2002 $000	2002 $000	2002 $000
Fund assets at net market value	Total accrued benefits*	Excess/ (deficit)	Total vested benefits	Fund assets at net market value	Total accrued benefits*	Excess/ (deficit)	Total vested benefits
32,031	27,765	4,266	25,542	33,067	27,765	5,302	25,681

* Accrued benefits have been obtained from the most recent financial report of the Fund being 30 June 2002, but are based on actuarial reviews performed as at 1 July 2000.

Accrued benefits are benefits which the Fund is presently obliged to pay at some future date, as a result of membership of the Fund. Vested benefits are benefits which are not conditional upon the continued membership of the Fund or any factor, other than resignation from the Fund.

The Directors, based on the advice of the trustees of the Fund, are not aware of any changes in circumstances since the date of the most recent actuarial valuation of the Fund which would have a material impact on the overall financial position of the Fund.

In the case of employees who are not members of the Fund, the Company and its controlled entities contribute to other funds in accordance with the requirements of the superannuation guarantee legislation.

NOTE 29 – COMMITMENTS	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Capital expenditure commitments				
Contracted but not provided for and payable:				
Not later than one year	2,330	8,564	–	–
Operating lease commitments				
Future operating lease rentals not provided for and payable:				
Not later than one year	22,519	20,397	33	37
Later than one year but not later than five years	74,236	76,654	44	42
Later than five years	124,071	104,281	–	5
	220,826	201,332	77	84
Finance lease commitments				
Finance lease rentals are payable as follows:				
Not later than one year	24	396	–	–
Later than one year but not later than five years	12	1,676	–	–
	36	2,072	–	–
Less: Future lease finance charges	(7)	(336)	–	–
	29	1,736	–	–
Lease liabilities provided for in the accounts:				
Current	18	281	–	–
Non-current	11	1,455	–	–
Total lease liability	29	1,736	–	–
Venue hire capital contribution commitments				
Controlled entity commitments in respect of venue hire capital contribution not included in the consolidated entity's financial statements amounted to:	250	350	–	–

NOTE 30 – CONTINGENT LIABILITIES	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Details of contingent liabilities and contingent assets which although considered remote, the Directors consider should be disclosed.				
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.				
In respect of controlled entities				
The Company has guaranteed the obligations of some controlled entities in respect of a number of lease commitments. The operating lease commitments not included in the Company's financial statements were due:				
Not later than one year	–	–	13,819	11,805
Later than one year but not later than five years	–	–	58,110	49,973
Later than five years	–	–	62,134	56,312
	–	–	134,063	118,090
In respect of other investments				
Partnerships				
Certain controlled entities hold interests in partnerships (refer Note 35 for details), and as such are jointly and severally liable for 100 percent 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 consolidated entity's financial statements, amounted to:	54,432	58,179	–	–
In addition, the Company or a controlled entity has guaranteed the obligations of entities within the consolidated entity in respect of the lease commitments of certain partnerships. The partnerships' operating lease commitments, not included in the consolidated entity's financial statements, guaranteed by the Company or a controlled entity were due:				
Not later than one year	44,877	44,970	14,382	10,719
Later than one year but not later than five years	173,375	176,287	58,216	43,352
Later than five years	421,614	456,554	138,640	114,830
	639,866	677,811	211,238	168,901
The Company has also guaranteed the consolidated entity's share of other commitments in respect of financing arrangements of certain partnerships:	3,772	2,690	3,772	2,690
Associates				
The Company or a controlled entity has guaranteed the consolidated entities' share of obligations made by certain associate entities (refer Note 34) in respect of operating lease commitments:	156,099	166,288	106,559	112,646
The Company has guaranteed the consolidated entity's share of other commitments in respect of financing arrangements of certain associated companies:	12,702	3,623	12,702	3,623
Total contingent liabilities	849,714	908,941	461,588	405,950

NOTE 30 – CONTINGENT LIABILITIES (continued)

Litigation
The nature of the consolidated entity's operations results in claims for personal injury being received from time to time. The Directors believe that the outcome of such claims will not have a significant impact on the operating result of the consolidated entity in current and future reporting periods.

NOTE 31 - DEED OF CROSS GUARANTEE

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

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

The controlled entities subject to the Deed are:

Birch, Carroll & Coyle Limited
Blue Rock Management Group Pty Ltd
Bryson Hotel Pty Limited
Canberra Theatres Limited
Chyadis Pty Ltd
Colorfilm (New Zealand) Pty Limited
Elsternwick Properties Pty Limited
Featherdale Farm & Aviaries Pty Limited
Featherdale Holdings Pty Limited
Filmlab Engineering Pty Limited
G.U.O. Investments (WA) Pty Ltd
Glenelg Theatres Proprietary Limited
Greater Entertainment Pty Limited
Greater Occasions Australia Pty Limited
Greater Union International Holdings Pty Limited
Greater Union Nominees Pty Limited
Greater Union Screen Entertainment Pty Limited
Greater Union Technology Pty Ltd
Greattheatre Pty Ltd
Gutace Holdings Pty Limited
Haparanda Pty Limited
Haymarket's Tivoli Theatres Pty Limited
Highway's International Hotels Pty Limited
Highway Village Motel (Mount Gambier) Pty Ltd
Highway Village Motels Pty Ltd
Jatronics Pty Limited
Kidsports Australia Pty Limited
Kosciusko Thredbo Pty Limited
Kvarken Pty Limited
Lakeside Hotel Pty Limited
Mamasa Pty Limited
Matilda Cruises Pty Limited
Noahs Limited
Northside Gardens Hotel Pty Limited
Pantami Pty Limited
R.D.T. Pty Limited
R.Q. Motels Pty Ltd
Roadshow (Qld) Pty Ltd
Rocket Express Ferries Pty Limited
Rydges Hotels Limited
Sail Venture Cruises Pty Limited
Sonata Hotels Pty Ltd
Tannahill Pty Limited
The Geelong Theatre Company Limited
The Greater Union Organisation Pty Limited
The Video Film Company Pty Limited
Thredbo Resort Centre Pty Limited
Tobeon Pty Limited
Tourism & Leisure Pty Limited
Western Australia Cinemas Proprietary Limited
Whale Watch Cruises Pty Limited
Zollverein Pty Limited

The following entities have been removed from the Deed during the year:

A.P. Facilities Pty Limited
Atlab Queensland Pty Limited
Oropou Holdings Pty Limited

A consolidated statement of financial performance and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2003 is set out on the following page.

NOTE 31 –DEED OF CROSS GUARANTEE (continued)	Consolidated 2003 $000	Consolidated 2002 $000
Statement of financial performance		
Operating profit before income tax	14,730	36,994
Income tax attributable to operating profit	(9,480)	(8,600)
Operating profit after income tax	5,250	28,394
Loss on extraordinary items after income tax	22,479	(1,414)
Net profit	27,729	26,980
Retained profits at the beginning of the year	219,592	205,304
Adjustments to retained profits at beginning of year on initial adoption of:		
Revised AASB 1028 "Employee Benefits"	(102)	–
Revised AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	(7,191)	–
Transferred in from asset revaluation reserve	–	1,038
Transferred in from reserves upon sale of investment that had previously been equity accounted	32,360	–
Dividends recognised during the year	(13,730)	(13,730)
Retained profits at the end of the year	258,658	219,592
Statement of financial position		
Cash assets	9,178	8,638
Receivables	35,382	63,864
Inventories	8,351	13,009
Other	3,959	3,599
Total current assets	56,870	89,110
Receivables	70,259	47,666
Investments accounted for using the equity method	240,033	194,645
Other financial assets	25,095	87,535
Property, plant and equipment	302,199	310,938
Intangible assets	9,478	11,406
Deferred tax assets	13,898	9,598
Other	2,801	4,049
Total non-current assets	663,763	665,837
Total assets	720,633	754,947
Payables	30,474	35,990
Interest bearing liabilities	37,454	22,115
Current tax liabilities	2,979	2,011
Provisions	8,181	14,829
Other	11,035	9,485
Total current liabilities	90,123	84,430
Interest bearing liabilities	158,227	218,810
Deferred tax liabilities	10,246	13,159
Provisions	21,517	2,804
Other	528	739
Total non-current liabilities	190,518	235,512
Total liabilities	280,641	319,942
Net assets	439,992	435,005
Equity		
Contributed equity	89,311	89,311
Reserves	92,023	126,102
Retained profits	258,658	219,592
Total equity	439,992	435,005

NOTE 32 – CONTROLLED ENTITIES

	Consolidated 2003 $000	The Company 2002 $'000
a) Disposal of controlled entities		
During the financial year, the consolidated entity disposed of a 50% interest in the Atlab group of companies. Details of the disposal are as follows:		
Net consideration	26,230	–
Carrying amount of disposal	(8,000)	(1,462)
Profit/(loss) on disposal	18,230	(1,462)
Net amounts of entities disposed of:		
Cash	1,615	–
Property, plant and equipment	5,975	–
Other net assets	410	–
	8,000	–

The entities were disposed of on 9 September 2002 and the operating results to that date have been included in the consolidated operating profit.

	Consolidated 2003 $000	The Company 2002 $'000
b) Acquisition of controlled entities		
Ancona Investments Pty Limited became a 100% controlled entity on 27 June 2003. (Refer also to Note 33 and 34).		
Net consideration	1,400	–
Cash acquired	(10)	–
Net cost of acquisition	1,390	–
Fair value of assets acquired:		
Cash	10	–
Property, plant and equipment	2,237	–
Other net liabilities	(1,757)	–
	490	–
Goodwill on acquisition	910	–
Net consideration	1,400	–

NOTE 33 –CONTROLLED ENTITIES	Note	Class of Share	Entity Interest 2003 %	Entity Interest 2002 %
a) Particulars in relation to controlled entities				
Parent entity				
Amalgamated Holdings Limited				
Controlled entities				
Ancona Investments Pty Limited	(k)	Ord	100	–
Atlab Kine Services Pty Limited		Ord	100	100
Greater Entertainment Pty Limited		Ord	100	100
Mamasa Pty Limited		Ord	100	100
R.D.T. Pty Limited		Ord	100	100
Zollverein Pty Limited		Ord	100	100
Greattheatre Pty Ltd		Ord	100	100
Birch, Carroll & Coyle Limited		Ord	100	100
Roadshow (Qld) Pty Ltd		Ord	100	100
Oropou Holdings Pty Limited	(j)	Ord	–	100
Kalkoura Pty Limited	(j)	Ord	–	100
A.P. Facilities Pty Limited	(j)	Ord	–	100
Atlab Queensland Pty Limited	(j)	Ord	–	100

NOTE 33 –CONTROLLED ENTITIES	Note	Class of Share	Entity Interest 2003 %	Entity Interest 2002 %
The Greater Union Organisation Pty Limited		Ord	100	100
Amalgamated Holdings Superannuation Fund Pty Limited		Ord	100	100
Canberra Theatres Limited		Ord	100	100
Chyadis Pty Ltd		Ord	100	100
G.U.O. Investments (WA) Pty Ltd		Ord	100	100
Glenelg Theatres Proprietary Limited		Ord	100	100
Greater Occasions Australia Pty Limited		Ord	100	100
Greater Union Holdings Limited	(b)	Ord	100	100
Greater Union International Holdings Pty Limited		Ord	100	100
Greater Union International BV	(e)	Ord	100	100
Greater Union International GmbH	(f)	Ord	100	100
Greater Union Entertainment Technology Germany GmbH	(f)	Ord	100	100
Greater Union Limited	(c)	Ord	100	100
Greater Union Nominees Pty Limited		Ord	100	100
Greater Union Screen Entertainment Pty Limited		Ord	100	100
Image and Sound Technology Pty Limited	(i)	Ord	100	100
Beachcode Limited	(a), (c)	Ord	100	100
Filmlab Systems International Limited	(a), (c)	Ord	100	100
Colorfilm (New Zealand) Pty Limited		Ord	100	100
Elsternwick Properties Pty Limited		Ord	100	100
Filmlab Engineering Pty Limited		Ord	100	100
Jatronics Pty Limited		Ord	100	100
The Video Film Company Pty Limited		Ord	100	100
Greater Union Entertainment Technology Pte Ltd	(g)	Ord	100	100
Gutace Holdings Pty Limited		Ord	100	100
Haymarket's Tivoli Theatres Pty Limited		Ord	100	100
Tannahill Pty Limited		Ord	100	100
Kidsports Australia Pty Limited		Ord	100	100
Kosciusko Thredbo Pty Limited		Ord	100	100
Pantami Pty Limited		Ord	100	100
KTPL Unit Trust			100	100
Thredbo Resort Centre Pty Limited		Ord	100	100
Rydges Hotels Limited		Ord	100	100
Blue Rock Management Group Pty Ltd		Ord	100	100
Blue Rock Venue Management Pty Limited		Ord	100	100
Haparanda Pty Limited		Ord	100	100
BLN Hotels Property Unit Trust			100	100
Highway's International Hotels Pty Limited		Ord	100	100
Highway Village Motels Pty Ltd		Ord	100	100
Highway Village Motel (Mount Gambier) Pty Ltd		Ord	100	100
Kvarken Pty Limited		Ord	100	100
Bryson Hotel Pty Limited		Ord	100	100
Bryson Hotel Property Unit Trust			100	100
Lakeside Hotel Pty Limited		Ord	100	100
Lakeside Hotel Property Unit Trust			100	100
Northside Gardens Hotel Pty Limited		Ord	100	100
Northside Gardens Hotel Property Unit Trust			100	100
Rydges Hobart Hotel Pty Limited		Ord	100	100
Rydges Hobart Hotel Property Unit Trust			100	100
Noahs Hotels (N.Z.) Limited	(a), (d)	Ord	100	100
		Pref	100	100

NOTE 33 –CONTROLLED ENTITIES	Note	Class of Share	Entity Interest 2003 %	2002 %
Rydges Queenstown Hotel Limited	(a), (d)	Ord	100	100
Noahs Limited		Ord	100	100
		Pref	100	100
R.Q. Motels Pty Ltd		Ord	100	100
Rydges Hotels Resorts Asia Pte Limited	(g)	Ord	100	100
Sonata Hotels Pty Ltd		Ord	100	100
Bryson Centre Unit Trust			100	100
Lakeside International Hotel Unit Trust			100	100
Wentworth Hotel Superannuation Pty Ltd	(h)	Ord	–	100
Sail Venture Cruises Pty Limited		Ord	100	100
The Geelong Theatre Company Limited		Ord	100	100
		Pref	100	100
Tobeon Pty Limited		Ord	100	100
Tourism & Leisure Pty Limited		Ord	100	100
Featherdale Farm & Aviaries Pty Limited		Ord	100	100
Featherdale Holdings Pty Limited		Ord	100	100
Matilda Cruises Pty Limited		Ord	100	100
Rocket Express Ferries Pty Limited		Ord	100	100
Whale Watch Cruises Pty Limited		Ord	100	100
Western Australia Cinemas Proprietary Limited		Ord	100	100

Notes:

(a) These companies are audited by other member firms of KPMG International.
(b) This company was incorporated in and carries on business in Jersey and is not audited by KPMG. The company has a 31 December balance date.
(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) This company was incorporated in and carries on business in The Netherlands.
(f) These companies were incorporated in and carry on business in Germany.
(g) These companies were incorporated in and carry on business in Singapore.
(h) Deregistered.
(i) Previously Greater Union Technology Pty Ltd (3 September 2002).
(j) Disposal of 100% to Atlab Holdings Pty Limited of which the consolidated entity has a 50% ownership interest (refer to Note 34).
(k) Previously held 50% (refer to Note 34).

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

NOTE 34 – INVESTMENTS IN ASSOCIATES	Consolidated 2003 $000	2002 $000
Results of associates		
Share of associates' operating profit before income tax	8,102	8,048
Share of associates' income tax revenue / (expense) attributable to operating profit	550	(2,885)
Shares of associates' net (loss)/profit	8,652	5,163
Adjustments:		
Amortisation of goodwill arising from investment	(87)	(450)
Provision for writedown of specific underperforming cinema sites	(4,327)	–
Share of associates' net(loss)/profit – equity accounted	4,238	4,713
Share of post-acquisition retained profits and reserves attributable to associates		
Retained profits		
Share of associates' retained profits at the beginning of the year	14,536	10,260
Share of net (loss)/profit of associates	4,238	4,713
Dividends from associates	(159)	(437)
Share of associates' retained profits at the end of the year	18,615	14,536
Asset revaluation reserve		
Share of associates' asset revaluation reserve at the beginning of the year	919	922
Transfer on sale of an investment that had previously been equity accounted	(920)	–
Share of increment/(decrement) in asset revaluation reserve of associates	1	(3)
Share of associates' asset revaluation reserve at the end of the year	–	919
Asset realisation reserve		
Share of associates' asset realisation reserve at the beginning of the year	6,944	6,946
Transfer on sale of an investment that had previously been equity accounted	(6,248)	–
Share of increment/(decrement) in asset realisation reserve of associates	–	(2)
Share of associates' asset realisation reserve at the end of the year	696	6,944
General reserve		
Share of associates' general reserve at the beginning of the year	26,443	27,480
Transfer on sale of an investment that had previously been equity accounted	(26,069)	–
Share of increment/(decrement) in general reserve of associates	–	(1,037)
Share of associates' general reserve at the end of the year	374	26,443
Foreign currency translation reserve		
Share of associates' foreign currency translation reserve at the beginning of the year	(662)	4,554
Transfer on sale of an investment that had previously been equity accounted	877	–
Share of increment/(decrement) in foreign currency translation reserve of associates	(1,324)	(5,216)
Share of associates' foreign currency translation reserve at the end of the year	(1,109)	(662)
Movements in carrying amount of investments		
Carrying amount of investments in associates at the beginning of the year	124,686	189,618
Net additional investments in associates	–	(552)
Foreign currency translation movements	(3,451)	4,455
Share of associates' net profit	4,238	4,713
Share of equity accounting profits reversed against provision for support	(2,261)	–
Dividends received from associates	(159)	(437)
Reclassification of investment in Village Roadshow Corporation Limited	–	(66,853)
Share of increment/(decrement) in associates' reserves	(1,324)	(6,258)
Carrying amount of investments in associates at the end of the year	121,729	124,686

NOTE 34 – INVESTMENTS IN ASSOCIATES (continued)	Consolidated 2003 $000	2002 $000
Commitments		
Share of associates' capital expenditure commitments contracted but not provided for and payable		
Not later than one year	3,526	–
Later than one year but not later than five years	–	–
	3,526	–
Share of associates' operating lease commitments payable		
Not later than one year	38,693	32,891
Later than one year but not later than five years	150,043	144,834
Later than five years	392,457	414,215
	581,193	591,940
Share of associates' finance lease commitments payable		
Not later than one year	258	81
Later than one year but not later than five years	721	173
Later than five years	–	–
	979	254
Less: Future lease finance charges	(1)	(33)
	978	221

Share of associates' contingent liabilities
Refer to Note 30.

NOTE 34 – INVESTMENTS IN ASSOCIATES (continued)

Details of investments in associates are as follows:

Name	Principal activities	Class of share	Interest Consolidated 2003 %	Interest Consolidated 2002 %	Investment carrying amount Consolidated 2003 $000	Investment carrying amount Consolidated 2002 $000	Contribution to Operating Profit 2003 $'000	Contribution to Operating Profit 2002 $'000
Ancona Investments Pty Ltd	Film exhibitor	Ord	– (e)	50	(e)	–	–	–
Atlab Holdings Pty Limited	Multiple copy film release printing and post production facility	Ord	50 (f)	–	(f)	–	2,261	–
Cinema Developments Pty Ltd	Investor	Ord	50	50	–	–	–	–
Cinesound Movietone Productions Pty Ltd	Film owner & distributor	Ord	50	50	81	93	13	39
Cinestar Sp.Z.o.o	Film exhibitor	Ord	50	50	–	–	–	–
Greater Union Kieft BV	Film exhibitor	Ord	33	33	992	838	203	68
Hindmarsh Square Entertainments Pty Ltd	Property owner & film exhibitor	Ord	50	50	1,231	1,351	14	(53)
Kieft & Kieft Filmtheater GmbH	Film exhibitor	Ord	50	50	85,376	96,297	(8,952) (g)	1,280
MAF Greater Union LLC	Film exhibitor	Ord	49	49	8,506	10,537	889	(771)
Roadshow Distributors Pty Ltd	Film distributor	Ord	50	50	24,185	15,360	8,649	516
Val Morgan Holdings Pty Limited	Screen advertising	Ord	33	–	1,266	–	1,266	–
Village Drive-In (Essendon) Pty Ltd	Investor	Group A Ord	50	50	–	–	–	–
Village Roadshow Corporation Limited	Investor	Ord	-	33	(d)	(d)	–	3,742
		Pref	-	4	(d)	(d)	–	–
Village Roadshow Netherlands BV	Film distributor	Ord	50	50	92	206	(105)	(108)
Other					–	4	–	–
					121,729	124,686	4,238	4,713

Notes:

(a) Dividends received from associates for the year ended 30 June 2003 by the consolidated entity amount to $159,000 (2002: $437,000).

(b) Cinestar Sp.Z.o.o, Kieft & Kieft Filmtheater GmbH and MAF Greater Union LLC were incorporated in Poland, Germany and the United Arab Emirates respectively. Greater Union Kieft BV and Village Roadshow Netherlands BV were incorporated in The Netherlands.

(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) Village Roadshow Corporation Limited ceased to qualify as an associate from 13 June 2002. The investment in Village Roadshow Corporation Limited was sold on 17 February 2003.

(e) Ancona Investments Pty Ltd became a 100% controlled entity on 27 June 2003.

(f) Atlab Holdings Pty Limited ("Atlab") became an associate on 9 September 2002. Atlab has negative assets, for which a provision for support has been raised in respect of the consolidated entity's share of these negative net assets. This provision is reversed as profits are generated by Atlab and our equity share of these profits are recognised.

(g) 2003 loss recorded for Kieft & Kieft Filmtheater GmbH includes the consolidated entity's share, amounting to $4,327,000, of a provision for writedowns in the carrying value of specific underperforming cinema sites.

NOTE 34 – INVESTMENTS IN ASSOCIATES (continued)	Consolidated 2003 $000	2002 $000
Summary of performance and financial position of associates		
The consolidated entity's share of aggregate assets, liabilities and net profit/(loss) of associates is as follows:		
Net loss – as reported by associates	4,280	8,120
Adjustments arising from equity accounting	(42)	(3,407)
Net (loss)/profit – equity adjusted	4,238	4,713
Current assets	158,449	169,880
Non-current assets	158,564	162,408
Total assets	317,013	332,288
Current liabilities	156,642	131,870
Non-current liabilities	34,667	77,112
Total liabilities	191,309	208,982
Net assets – as reported by associates	125,704	123,306
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)	172	259
Foreign exchange translation	172	1,108
Provision for write-down of specific underperforming cinema sites	(4,327)	–
Other	8	13
Net assets – equity adjusted	121,729	124,686

Put option granted by an associate

During the year to 30 June 2003, an associate entity, Kieft & Kieft Filmtheater GmbH ("K & K"), entered into a put agreement which grants a non-related joint venture partner the right to sell its interest in a cinema circuit joint venture to K & K at original cost to that joint venture partner. The option can be exercised within a 2 year period, on condition that joint venture has not grown the business through acquisitions beyond an agreed level. The consolidated entity's potential share of acquisition costs if the option was exercised would be approximately $500,000.

NOTE 35 - INTEREST IN OTHER INVESTMENTS

			Profit share		Investment carrying amount		Share of sales revenue		Contribution to operating profit	
Name	Principal activities	Nature of interest	2003 %	2002 %	2003 $000	2002 $000	2003 $000	2002 $000	2003 $000	2002 $000
(i) Partnerships										
Arndale Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	11,678	12,487	11,252	9,191	1,581	973
Broadway Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	6,714	1,908	6,381	6,106	447	743
Browns Plains Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33 (d)	25	295	183	916	858	29	41
Castle Hill Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33 (d)	25	4,663	2,172	4,537	4,019	1,128	962
Casuarina Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	7,651	8,347	10,042	9,898	905	1,213
Fountaingate Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	4,526	4,628	4,334	2,785	273	209
Garden City Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	38	2,042	13	4,584	4,612	896	1,040
Geelong Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50 (c)	50 (c)	(229)	215	2,883	2,736	(69)	(375)
Jam Factory Cinema Operations Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	329	685	7,539	7,606	20	411
Jam Factory Shopping Centre Partnership	Property investor	Share of partnership assets	50 (c)	50 (c)	310	310	–	–	–	(350)
Movieline Partnership	Owner & operator of a cinema ticketing service	Share of partnership assets	33	33	108	424	183	271	(516)	(733)
Australian Theatres Joint Venture	Owner & operator of multiscreen cinema complexes	Share of partnership assets	50 (d)	33	77,082	35,706	78,126	67,145	7,226 (e)	8,761
Perth Cinecentre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	45	45	(85)	(254)	2,145	2,123	(2)	(199)
Piccadilly Cinema	Owner and operator of a multiscreen cinema complex	Share of partnership assets	30	30	589	581	723	722	94	94
Shellharbour Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	251	2	2,090	1,061	203	2
		C/fwd			115,924	67,407	135,735	119,133	12,215	12,792

NOTE 35 – INTEREST IN OTHER INVESTMENTS (continued)

Name	Principal activities	Nature of interest	Profit share 2003 %	Profit share 2002 %	Investment carrying amount 2003 $000	Investment carrying amount 2002 $000	Share of sales revenue 2003 $000	Share of sales revenue 2002 $000	Contribution to operating profit 2003 $000	Contribution to operating profit 2002 $000
		B/fwd			115,924	67,407	135,735	119,133	12,215	12,792
Southbank Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50 (c)	50 (c)	84	313	497	612	(392)	(172)
Southport 6 Cinemas	Operator of a multiscreen cinema complex	Share of partnership assets	51(b)	51(b)	417	367	2,400	2,467	228	314
Toowoomba Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,818	2,029	2,988	3,095	269	385
Village Greater Union Parramatta Partnership	Operator of multiscreen cinema complexes	Share of partnership assets	50 (c)	50 (c)	3,068	3,546	2,152	2,182	(103)	(315)
					121,311	73,662	143,772	127,489	12,217	13,004
(ii) Trusts										
Roadshow Direct Unit Trust	Direct marketing of collectables	Share of assets and profit of unit trust	50	50	(a)	(a)	–	–	–	–
Roadshow Television Unit Trust	Sale of films to television networks	Share of profit of unit trust	50 (f)	41	12,829	7,920	11,190	16,172	2,489	3,552
					12,829	7,920	11,190	16,172	2,489	3,552

Notes:

(a) Provision for support has been raised against this entity.
(b) The partnership is not consolidated as the consolidated entity does not have control over its management and strategic objectives.
(c) Provision for diminution in the value of the investment carrying amount has been raised against this entity in the prior year.
(d) Increased profit share entitlement effective from 26 March 2003.
(e) 2003 profit includes the consolidated entity's share, amounting to $1,861,000, of a provision for writedowns in the carrying value of specific underperforming cinema sites.
(f) Increased profit share entitlement effective from 31 December 2002.

NOTE 35 – INTEREST IN OTHER INVESTMENTS (continued)

During the year, the cinema partnerships purchased management services $5,233,117 (2002: $4,889,000), block and artwork $162,441 (2002: $109,317) and other services $472,309 (2002: $126,693) from the consolidated entity. These transactions were on normal commercial terms.

The consolidated entity's share of the partnerships' assets and liabilities consist of:	Consolidated 2003 $000	Consolidated 2002 $000
Current assets	11,053	12,825
Non-current assets	100,380	86,185
Total assets	111,434	99,010
Current liabilities	19,121	16,024
Non-current liabilities	6,697	7,785
Total liabilities	25,818	23,809
Share of net assets	85,616	75,201

Refer to Note 30 for details of contingencies.

NOTE 36 – DIRECTORS' REMUNERATION

	The Company 2003	The Company 2002
Directors' income		
The number of Directors of the Company whose income from the Company or any related party falls within the following bands:		
$40,000 - $49,999	2	2
$50,000 - $59,999	3	3
$150,000 - $159,999	1	–
$590,000 - $599,999	–	1
$870,000 - $879,999	–	1
$890,000 - $899,999	1	–

The amounts disclosed for remuneration of directors in this note includes an amount in respect of options granted to an executive director. Options have been valued as at their grant date and this value has been apportioned in equal amounts over the period from the issue date to the vesting date. Refer note 28 for further details of options on issue.

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Total income paid or payable, or otherwise made available, to all Directors of the Company and controlled entities from the Company or any related party.	4,237,190	4,529,909	1,312,711	1,723,683

Directors' retirement plan

The benefits accrued under the plan during the year by the Company were $51,000 (2002: $55,000). In addition, on-costs of $2,000 (2002: $3,000) were accrued in accordance with the requirements of AASB 1028 "Employee Benefits". During the year, there were no retirement benefits paid to Directors under the plan (2002: $0). The total amount provided by the Company at balance date was $706,000 (2002: $653,000) and this amount is included as a non-current provision for employee entitlements in Note 22.

All non-executive Directors (with the exception of the Chairman, Mr. AG Rydge), are entitled to participate in the plan. The benefit is based on the number of years of service as a Director and is capped at an upper limit of $165,000 per Director. Directors appointed to the Board in the future will not be entitled to participate in the Directors' retirement plan.

NOTE 37 – EXECUTIVES' REMUNERATION	Consolidated 2003	Consolidated 2002	The Company 2003	The Company 2002
Executives' remuneration				
The number of Australian-based executive officers and executive Directors of the Company and of controlled entities, whose remuneration from the Company or related parties, and from entities in the consolidated entity, falls within the following bands.				
\$100,000 - \$109,999	3	4	–	–
\$110,000 - \$119,999	3	5	–	–
\$120,000 - \$129,999	1	10	–	2
\$130,000 - \$139,999	1	1	–	1
\$140,000 - \$149,999	2	2	–	–
\$150,000 - \$159,999	3	4	1	1
\$160,000 - \$169,999	2	4	–	–
\$170,000 - \$179,999	4	2	1	1
\$180,000 - \$189,999	1	3	2	1
\$190,000 - \$199,999	3	3	1	–
\$200,000 - \$209,999	1	2	–	–
\$210,000 - \$219,999	3	2	1	–
\$230,000 - \$239,999	1	–	–	–
\$240,000 - \$249,999	1	1	–	–
\$260,000 - \$269,999	–	1	–	–
\$280,000 - \$289,999	1	–	–	–
\$310,000 - \$319,999	2	1	2	–
\$320,000 - \$329,999	–	1	–	–
\$330,000 - \$339,999	1	–	1	–
\$370,000 - \$379,999	–	1	–	–
\$380,000 - \$389,999	–	1	–	–
\$410,000 - \$419,999	1	2	–	1
\$530,000 - \$539,999	1	–	–	–
\$590,000 - \$599,999	–	1	–	1
\$890,000 - \$899,999	1	–	1	–
\$940,000 - \$949,999	–	1	–	–
\$1,090,000- \$1,099,000	1	–	–	–
	\$	\$	\$	\$
Total income in respect of the year received, or due and receivable, from the Company, other entities in the consolidated entity or related parties by executive officers and executive Directors of the Company and of controlled entities whose income is \$100,000 or more	8,953,331	10,558,496	2,951,622	1,936,039

The amounts disclosed for remuneration of executive officers in this note includes an amount in respect of options granted to executive officers. Options have been valued as at their grant date and this value has been apportioned in equal amounts over the period from the issue date to the vesting date. Refer note 28 for further details of options on issue.

Executive officers are those officers involved in the strategic direction, general management or control of business at a company or operating division level.

NOTE 38 – RELATED PARTIES

Directors
The names of each person holding the position of Director of the Company during the year are Messrs AJ Clark, TC Ford, RM Graham, GL Herring, AJ Lane, AG Rydge and DC Seargeant.

Details of Directors' remuneration are set out in the Directors' Report and Note 36.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous year and there were no material contracts involving Directors' interests subsisting at balance date.

Directors' holdings of shares and share options
Messrs AJ Clark, TC Ford, RM Graham, GL Herring, AJ Lane, AG Rydge and DC Seargeant hold shares in the Company. Details are set out in the Directors' Report.

Other transactions with the Company or its controlled entities
Messrs AJ Clark, GL Herring and AG Rydge are Directors of Carlton Investments. Carlton Investments Limited rent office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent paid during the financial year was $28,160 (2002: $21,175).

AG Rydge paid rent and levies to a controlled entity during the financial year amounting to $12,957 (2002: $12,584). A company associated with RM Graham paid rent and levies to a controlled entity during the year amounting to $3,728 (2002: $3,594).

The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

From time to time, Directors of the Company or its controlled entities may purchase services from the consolidated entity. These purchases are usually on the same terms and conditions as those granted to other consolidated entity employees. Where the purchases are on terms and conditions more favourable than those granted to other consolidated entity employees, the resulting benefits form part of the total income in Note 36.

Wholly-owned group
Details of interests in wholly-owned controlled entities are set out in Note 33. Details of dealings with these entities are set out below.

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

	The Company 2003 $000	The Company 2002 $000
The aggregate outstanding amounts at balance date of loans between the Company and its wholly-owned controlled entities and the interest revenue and expense brought to account by the Company in relation to these loans during the year is as follows:		
Loans to controlled entities (non-current)	275,788	325,261
Interest received or due and receivable	17,996	23,822
Loans from controlled entities (non-current)	118,383	143,013
Interest paid or due and payable	13,261	18,991

Management fees
The Company charges all operating and wholly-owned controlled entities a management fee equal to 3% (2002: 2%) of net operating revenue for management services provided by Directors and senior executives of the Company. Management fees charged during the year were $8,020,500 (2002: $6,198,000).

NOTE 38 – RELATED PARTIES (continued)

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

Other transactions were:

- the sale of management services at a cost of $933,702 (2002: $500,000)
- hire of films from Roadshow Distributors Pty Ltd on normal commercial terms to a value of $9,917,990 (2002: $7,412,801)
- receipt of property rentals from associates of $193,506 (2002: $27,345)
- receipt of Directors' fees from associates of $Nil (2002: $30,000)
- receipt of advertising income from Val Morgan $739,052 (2002: $Nil).

Interest in partnerships and unit trusts
Refer to Notes 11, 20, 30 and 35.

Superannuation fund
Details of the consolidated entity's employee superannuation fund are set out in Note 28. Contributions to the Fund during the year were $669,119 (2002: $631,905) for the consolidated entity and $47,333 (2002: $74,895), for the Company.

NOTE 39 – SEGMENT INFORMATION

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

Cinema Exhibition
Includes both the Australian and international cinema exhibition operations.

Entertainment Technology
Includes theatre equipment supply and servicing and the manufacture of film processors and related equipment and the consolidated entity'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, Matilda Cruises, Blue Rock Catering and State Theatre.

Strategic Investments
Includes investments in Roadshow Distributors, Val Morgan and the Roadshow Television Unit Trust.

Other
Includes property rental and sale of surplus property.

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 consolidated entity operates in Australia and New Zealand, Europe, Thailand and the United Arab Emirates.

NOTE 39 – SEGMENT INFORMATION (continued)	Cinema Exhibition $000	Entertainment Technology $000	Hotels $000	Thredbo Alpine Resort $000	Leisure/ Attractions $000	Strategic Investments $000	Other $000	Consolidated $000
30 June 2003								
Primary reporting - Business Segments								
Revenue								
External segment revenue	107,013	26,215	85,415	43,612	27,999	–	5,614	295,868
Other revenue	748	26,407	–	–	–	41,830	–	68,985
Other unallocated revenue								4,195
Total revenue								369,048
Result								
Segment result	14,475	19,794	9,214	10,368	(2,087)	(35,106)	873	17,531
Share of net profit of equity accounted business undertakings	4,977	2,274	–	–	–	11,693	–	18,944
	19,452	22,068	9,214	10,368	(2,087)	(23,413)	873	36,475
Unallocated revenue and expenses								(4,953)
Borrowing Costs (net)								(13,964)
Profit from ordinary activities before related income tax expense								17,558
Income tax expense								(9,751)
Profit from ordinary activities after income tax								7,807
Extraordinary items after tax								22,479
Net Profit								30,286
Depreciation and amortisation	7,257	462	6,027	5,486	2,984	–	505	22,721
Non cash expenses other than depreciation and amortisation	(1,057)	(50)	64	(908)	(185)	–	(390)	(2,526)
Unusual items								
Profit on sale of 50% of Atlab	–	18,230	–	–	–	–	–	18,230
Loss on sale of investment in VRC	–	–	–	–	–	(35,106)	–	(35,106)
Provision for diminution in carrying value of loan to an Associate	(2,086)	–	–	–	–	–	–	(2,086)
Recovery of previous provision for diminution in carrying value of investment and loan to associate.	350	–	–	–	–	–	–	350
Share of writedown in carrying value of cinema sites in joint ventures and associated companies	(6,187)	–	–	–	–	–	–	(6,187)

NOTE 39 – SEGMENT INFORMATION (continued)	Cinema Exhibition $000	Entertainment Technology $000	Hotels $000	Thredbo Alpine Resort $000	Leisure/ Attractions $000	Strategic Investments $000	Other $000	Consolidated $000
30 June 2003								
Assets								
Segment assets	151,485	7,581	168,909	64,108	29,357	23,615	17,890	462,945
Equity accounted investments	219,932	81	–	–	–	23,027	–	243,040
Unallocated corporate assets								11,392
Consolidated total assets								717,377
Liabilities								
Segment liabilities	65,812	1,618	45,313	16,530	5,710	–	–	134,983
Unallocated corporate liabilities								163,755
Consolidated total liabilities								298,738
Acquisitions of non-current assets	10,722	155	4,112	1,969	4,402	–	87	21,447

Secondary reporting - Geographical Segments

	Australia & NZ $000	Europe $000	Other $000	Consolidated $000
External segment revenue	367,021	2,027	–	369,048
Segment assets by location of assets	616,122	92,732	8,523	717,377
Acquisition of non-current assets	21,447	–	–	21,447

NOTE 39 – SEGMENT INFORMATION (continued)	Cinema Exhibition $000	Entertainment Technology $000	Hotels $000	Thredbo Alpine Resort $000	Leisure/ Attractions $000	Strategic Investments $000	Other $000	Consolidated $000
30 June 2002								
Primary reporting - Business Segments								
Revenue								
External segment revenue	101,362	82,095	84,052	36,657	26,005	–	4,165	334,336
Other revenue	–	–	–	–	–	–	13,365	13,365
Other unallocated revenue								4,210
Total revenue								351,911
Result								
Segment result	10,104	11,657	8,164	6,625	(1,340)	470	7,638	43,318
Share of net profit of equity accounted business undertakings	14,261	39	–	–	–	6,969	–	21,269
	24,365	11,696	8,164	6,625	(1,340)	7,439	7,638	64,587
Unallocated revenues and expenses								(6,359)
Borrowing Costs (net)								(18,782)
Profit from ordinary activities before related income tax expense								39,446
Income tax expense								(9,634)
Profit from ordinary activities after income tax								29,812
Extraordinary items after tax								(1,414)
Net Profit								28,398
Depreciation and amortisation	7,382	2,096	5,484	5,153	2,679	–	717	23,511
Non cash expenses other than depreciation and amortisation	(625)	445	564	(172)	32	–	1,961	2,205
Unusual items								
Proceeds on sale of property	–	–	–	–	–	–	13,365	13,365
Written down value of property sold	–	–	–	–	–	–	(10,010)	(10,010)
	–	–	–	–	–	–	3,355	3,355
Provision for diminution in carrying value of investment and loan to an associate	(2,137)	–	–	–	–	–	–	(2,137)
Recovery of previous provision for diminution in carrying value of investment and loan to associate.	608	–	–	–	–	–	–	608

NOTE 39 – SEGMENT INFORMATION (continued)	Cinema Exhibition $000	Entertainment Technology $000	Hotels $000	Thredbo Alpine Resort $000	Leisure/ Attractions $000	Strategic Investments $000	Other $000	Consolidated $000
30 June 2002								
Assets								
Segment assets	146,488	39,691	169,587	64,447	30,727	83,027	11,058	545,025
Equity accounted investments	182,468	93	–	–	–	15,787	–	198,348
Unallocated corporate assets								10,300
Consolidated total assets								753,673
Liabilities								
Segment liabilities	28,566	17,819	30,236	10,382	4,807	–	–	91,810
Unallocated corporate liabilities								248,344
Consolidated total liabilities								340,154
Acquisitions of non-current assets	16,045	2,991	2,998	4,207	4,843	–	1,397	32,481

Secondary reporting - Geographical Segments

	Australia & NZ $000	Europe $000	Other $000	Consolidated $000
External segment revenue	345,785	6,126	–	351,911
Segment assets by location of assets	642,957	100,023	10,693	753,673
Acquisition of non-current assets	32,481	–	–	32,481

NOTE 40 – NOTES TO THE STATEMENTS OF CASH FLOWS

(i) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:

	Note	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Cash on hand and on deposit	10	15,215	10,322	97	89
Bank overdraft	20	–	–	(1,141)	(235)
Short term deposits	11	524	97	–	–
		15,739	10,419	(1,044)	(146)

(ii) Reconciliation of operating profit from ordinary activities after related income tax expense to net cash provided/(used) by operating activities

	Consolidated 2003 $000	Consolidated 2002 $000	The Company 2003 $000	The Company 2002 $000
Operating profit from ordinary activities after income tax	7,807	29,812	778	6,425
Add / (less) extraordinary item:				
Costs associated with Thredbo road collapse	22,479	(1,414)	–	–
Less items classified as investing activities:				
(Profit)/loss on sale of non-current assets	(1,276)	(4,777)	3,360	(1,760)
Add/(less) non-cash items:				
Intercompany revenue	–	–	(10,764)	(11,036)
Increase/(decrease) in provisions for diminution in carrying value of loan to an associate	2,086	–	–	–
Loss on sale of investment in Village Roadshow Corporation Limited	35,106	–	–	–
Profit on sale of 50% interest in Atlab group	(18,230)	–	–	–
Depreciation	17,993	18,747	60	104
Amortisation	4,728	4,764	–	–
Increase/(decrease) in provisions	(2,561)	847	375	311
Increase/(decrease) in income taxes payable	1,733	444	2,102	(1,365)
Share of associates' net (profit)/loss	(4,079)	(4,276)	–	–
Unrealised foreign exchange losses	(204)	1,358	–	–
Net cash provided/(used) by operating activities before change in assets and liabilities	65,582	45,505	(4,089)	(7,321)
Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired / disposed during the year:				
(Increase)/decrease in receivables	2,026	(3,217)	(214)	64
(Increase)/decrease in inventories	30	(314)	–	–
Decrease /(increase) in investments	12,529	15,073	–	–
(Increase)/decrease in other current assets	(3,610)	(2,727)	–	–
(Increase)/decrease in deferred expenditure	(109)	(1,616)	–	–
(Decrease)/increase in creditors and accruals	(5,034)	(4,565)	80	(103)
(Decrease)/increase in deferred tax items	(527)	(4,499)	(3,412)	(51)
(Decrease)/increase in other liabilities	2,419	(1,557)	38	(250)
Net cash (used)/provided by operating activities	73,306	42,083	(7,597)	(7,661)

(iii) Non-cash financing and investment activities

There were no material non-cash transactions excluded from these statements for the year ended 30 June 2003.

NOTE 41 – EVENTS SUBSEQUENT TO BALANCE DATE

For final dividends declared after 30 June 2003 see Note 8.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Amalgamated Holdings Limited:

   (a) the financial statements and notes, set out on pages 7 to 64, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

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

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Dated at Sydney this 21st day of August 2003.

Signed in accordance with a resolution of the Directors.

AG Rydge
Director

DC Seargeant
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AMALGAMATED HOLDINGS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes (1 to 41) to the financial statements, and the Directors' declaration for both Amalgamated Holdings Limited (the "Company") and Amalgamated Holdings Limited Group (the "Consolidated Entity"), for the year ended 30 June 2003. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Amalgamated Holdings Limited is in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

MJ Coleman
Partner

Sydney
21st August 2003

AHL AMALGAMATED HOLDINGS LIMITED

APPENDIX 1

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Net profit after tax and extraordinary items for the year of $30.3 million represented an increase of $1.9 million or 6.6% over the prior financial year result.

Continuing strong earnings from Domestic Exhibition, a successful 2002 Thredbo ski season and a significantly higher contribution from our interest in Roadshow Distributors offset the impact of world terrorism and SARS on the Tourism dependent businesses of Rydges Hotels & Resorts, Matilda Cruises and Featherdale Wildlife Park. In addition the performance of our German exhibition interest was severely impacted by the recession in Germany and consequent lack of consumer confidence.

Also impacting on the result was the sale of a 50% interest in Atlab. The earnings for Atlab since 9 September 2002 have been reported using equity accounting principles, which are after the costs of interest and tax.

The Group continues to generate strong net operating cash flows which along with asset sales and the Thredbo damages claim have enabled further debt reduction, with interest costs decreasing by $4.2 million or 21.5% on the prior year and Group net bank debt down $81.7 million to $160.7 million.

Included in the results for the year was a net loss of $2.3 million attributed to items classified as unusual or extraordinary, these included the gain and loss from the completion of two significant sale transactions and the Thredbo damages claim settlement. Details of these transactions and claim settlement are:

Sale of 50% interest in the Atlab Group

> A 50% interest in the Atlab group of companies was sold to a subsidiary of The Rank Group Plc on 9 September 2002. The profit on sale of this interest was $18.2 million. Consideration received from the sale was $26.4 million.

Sale of shareholding in Village Roadshow Corporation Limited (VRC)

In February 2003, the Company announced the sale of its Shareholding in Village Roadshow Corporation Limited (VRC) realizing $46 million, $20 million payable on completion with $26 million payable in three years time. The historical cost of the shares sold was $10.9 million which included the $10 million paid in order to participate fully in the rights issue undertaken at that time. As a result of the adoption of the equity accounting standard at 30 June 1999 the carrying value was increased. As a consequence of this increase in the book value, the Company has incurred a write down of $35.1 million.

Settlement of Thredbo damages claim

Kosciusko Thredbo Pty Ltd, a wholly owned subsidiary, settled its damages claim against the State of New South Wales and others in relation to the 1997 collapse of the Alpine Way. The amount received on settlement, after the deduction of associated costs and applicable income tax for the year was $22.5 million. This amount has been treated as an extraordinary item in the consolidated statement of financial performance.

Also concluded in the year were the acquisition of a 33.3% interest in the Val Morgan group of companies, an increased interest from 33.3% to 50% in the Australian Theatres Joint Venture and the purchase by our 50% owned associate entity Kieft & Kieft Filmtheatre GmbH of a 50% interest in the Ufa cinema circuit in Germany.

Purchase of 33.3% Interest in Val Morgan

In joint venture with both Hoyts Cinemas and Village Roadshow Limited, Greater Union Organisation Pty Ltd acquired a 33.3% interest in the Cinema screen advertising company Val Morgan. The company is the only national cinema advertising company in Australia and also operates in New Zealand and through a joint venture in the United Arab Emirates and certain South American countries. The acquisition was completed on 24 December 2002. Consideration for the purchase was by way of a release by the purchasers of the financial obligations due under the terms of the exhibitor screen advertising contracts.

Australian Theatres Joint Venture

Greater Union Organisation Pty Ltd in conjunction with Village Roadshow Ltd acquired the 33.3% interest held by Warner Brothers in the Australian Theatres Joint Venture. The resultant interest now held by Greater Union in the joint venture is 50%. The acquisition cost was $46 million and was completed on 31 March 2003.

Ufa Circuit Germany

Our 50% owned associate entity Kieft & Kieft GmbH, in a 50% joint venture with Loews Theatres of America, purchased the Ufa Cinema Circuit in Germany. The circuit consists of 31 sites and is now managed by Kieft & Kieft. The purchase cost of the 50% interest was $3.5 million.

ENTERTAINMENT

Domestic Exhibition

Admission growth of some 3.7% for the year saw the total box office from our owned and managed sites at $235 million, representing a 5.2% increase over the prior year.

Screen advertising income was affected by the renegotiated contracts with Val Morgan however this was largely offset by our increased interest in the Australian Theatres Joint Venture.

Domestic Exhibition benefited throughout the year from a consistent quality product line up with the standout box office performance achieved by "*Lord of the Rings – The Two Towers*" which *grossed in excess of $45 million at the box office. Whilst* "Harry Potter and the Chamber of Secrets" *failed to reach the heights of its predecessor, it still generated in excess of $35 million.* "The Matrix Reloaded" *was the only other film to gross in excess of $30 million. These standout titles were well supported by a number of other popular releases. These included* "My Big Fat Greek Wedding", "Austin Powers: Goldmember", "Two Weeks Notice", "Chicago" and "X-Men 2". *The best performed Australian films for the year were* "Ned Kelly" *and* "Crackerjack".

A further 6 screens were added to the circuit with the expansion of Maroochydore, whilst the Coffs Harbour 3 screen city complex was closed. The Regent refurbishment in the Brisbane CBD was completed as well as the addition of Gold Class to Innaloo, Western Australia.

In the coming year the group will open an 11 screen complex in Bondi Junction which will include two Gold Class auditoriums.

A write down on the carrying value of several cinema sites was taken and this totalled $1.9 million.

International Exhibition

The performance of our German circuit in which the company holds a 50% interest was disappointing. Admission levels declined by 10.7% over the prior year. Whilst there are a number of contributing factors to this decline the major driver remains that of the recessed German economy, the resultant low level in consumer confidence and concern over job security. These have all impacted on reduced disposable income expenditure.

Whilst the EBITDA remained positive the high depreciation charge led to a loss before unusual items of $4.6 million.

There is now however some optimism that confidence and in turn growth will begin to occur from late 2003. Personal income tax cuts of EURO15.5 billion are scheduled for January 2004 and recent Economic Indicator figures released in July 2003 show an improvement in consumer confidence levels.

The acquisition by Kieft & Kieft of a 50% interest in the Ufa Circuit positions the group as the dominant exhibitor in Germany and will provide the opportunity to generate greater cost efficiencies and marketing strength for the respective circuits.

Following a review of the performance of individual cinema sites in Germany it has been decided to write down the carrying value of some 6 sites. The total write down of these sites is $4.3 million in relation to our share. This has taken our share of the full year loss to $8.95 million.

In the Middle East our circuit continues to show strong signs of growth. The second year of operation of the Marina Mall complex has seen admission growth of over 30%. This coupled with the strong trading at Deira City Centre and the marginal improvement at Ajman, has all contributed to an extremely successful year.

Our 10 screen multiplex in Holland continues to perform well with admission growth of 19% over the prior year.

ENTERTAINMENT TECHNOLOGY

As noted above, a 50% interest in the Atlab group was sold on 9 September 2002. Following this sale the results of the Atlab group have been equity accounted.

The Atlab group experienced another successful year with the result underpinned by continuing multiple copy release print work for major studios and sub-contract product from Deluxe. This increase in multiple copy release print work more than offset a decline in post production work from local Australian film production during the last six months of the financial year.

Atlab Image and Sound Technology, which remains a 100% owned business, performed adequately during the year with its main earnings coming from service contracts.

Filmlab Engineering had another good year with processor sales to Europe and Asia, as did the London based Filmlab Systems International with Colormaster product sold to laboratories in Asia.

The outlook for 2003/04 is positive for multiple copy release printing, however, the continued decline in Australian film and television production is expected to soften results in the first six months of the current financial year.

STRATEGIC INVESTMENTS

Roadshow Distribution continued to perform well delivering growth over the prior year. The theatrical division showed the benefits of the major share of the top grossing films at the Australian Box Office. These included *"Lord of the Rings – The Two Towers", "Harry Potter and the Chamber of Secrets", "The Matrix Reloaded"* and *"My Big Fat Greek Wedding"*. Other films supporting these included *"Austin Powers: Goldmember"* and the Australian production *"Crackerjack"*.

The Entertainment division also performed strongly with increasing DVD sales of new release titles.

In January 2003, Greater Union Organisation Pty Ltd acquired 50% of a minority held interest in the Roadshow TV Unit Trust.

Also as noted above, AHL sold its shareholding in Village Roadshow Corporation Limited in February 2003.

HOSPITALITY AND LEISURE

The past financial year included a number of international events that had an impact on the performance of the group namely SARS, the continued threat of terrorism and the Iraq conflict.

SARS particularly had an immediate effect in reducing international visitor arrivals, which has been felt across a number of Tourism related businesses including Rydges Hotels and Resorts, Matilda Cruises and Featherdale Wildlife Park.

The threat of terrorism and the Iraq conflict further exacerbated an already eroded confidence of the travelling public.

A by-product of this international visitor decline has been the reduction in flights and therefore capacity to Australia.

The combinations of these events lead to a strong focus on the domestic market for all hospitality and leisure businesses.

Occupancy levels at Rydges hotels declined by 3.5 percentage points over the prior year, however, this was partially offset by gains in average room rate over the same period. The major shortfall over the prior year was in the leisure segment, which included the impact of the international visitor decline.

Internationally, Dubai and Doha have traded well with the exception of the period immediately prior to and during the Iraq Conflict. Thailand has not recovered from the impact of SARS and continued terrorist threats whilst London is showing signs of recovery.

This year has seen the further enhancement of our guest recognition program, which is providing a stimulus for return patronage and customer loyalty and proved particularly valuable during this difficult trading period.

The coming year will see the introduction of an on-line booking system which will allow customers to select hotels and rates and book direct over the internet.

The Rydges brand and earnings have been further strengthened on gaining the management contract for Rydges Jamison, Sydney. This property marks our entry into the 5 star market and re-establishes our presence in the Sydney CBD.

Additional Hotel management contracts were gained in Adelaide and Hamilton in New Zealand.

Capital works included the refurbishment of conference facilities at Christchurch and Melbourne.

The Thredbo results were well ahead of last year and budget, following a very successful 2002 ski season.

The continued growth of the summer business was interrupted this year by the closure of the Alpine Way due to the Bushfires in January. Thredbo fortunately suffered no loss of property.

Capital works undertaken this year included the completion of the Catwalk ski trail and improvements to the Friday Flat beginners facility.

Property sales have been relatively strong with sales of the new lots released under Stage 3 of the Woodridge Development progressing well.

Again this year good early snow falls and excellent snow making conditions have drawn record numbers to Thredbo for the 2003 season. Indications are that conditions will continue providing Thredbo with a solid result for the full season.

Matilda Cruises was significantly impacted as a result of SARS and the decline in international visitor numbers. A softening in corporate demand for Charters also impacted results.

Matilda has gained the rights to operate the Harbour Islands Tourist service on Sydney Harbour. This service has proved popular with both domestic and international customers and will provide a positive contribution to earnings.

October 2003 will see the addition of the Manly Express tourist service. This service will operate a loop between Darling Harbour, Circular Quay, Rose Bay and Manly.

The Pier 26 Café and Bar has completed its first year and has traded to expectation and continues to build a loyal customer base. The retail facility at Pier 26 Cockle Bay and now at King Street Wharf has also proven profitable.

The new services offered by Matilda along with an increase in international visitation will see an improvement in performance.

Featherdale was similarly affected by a decline in international visitations, however its appeal to the domestic market has partially offset the decline.

Blue Rock Catering showed improvement over the prior year however further revenue growth is required for the company to achieve positive earnings.

The State Theatre enjoyed a strong performance this year on the back of a successful season of Cabaret. This year saw the completion of restoration works to the State Ballroom and Theatrette.

The excellent standard of the conference and banqueting facilities now available is receiving an encouraging level of demand.

AHL AMALGAMATED HOLDINGS LIMITED

APPENDIX 2

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

AG RYDGE
Non-Executive Chairman, Board Member since 1978, Chairman of Directors since 1980, Audit Committee Member and Remuneration Committee Member.

Company Director
Age 51. Joined Greater Union Group 1971. Chairman and Director of Carlton Investments Limited,
Enbeear Pty Limited and Alphoeb Pty Limited.

RM GRAHAM BE Sydney, MBA Harvard, FAICD
Independent Non-Executive Director, Board Member since 1990, and Audit Committee Member.

Company Director
Age 66. Director of Menteith Pty Limited and Saranjan Investments Pty Limited.
Formerly Director of the Australian Institute of Company Directors (1998 - 2001) and current Institute Audit Committee Member.

AJ CLARK AM, FCA, FAICD
Independent Non-Executive Director, Board Member since 1998 and Remuneration Committee Member.

Chartered Accountant
Age 64. Director of Carlton Investments Limited, Ramsay Health Care Limited, Telstra Corporation Limited, Chairman of Maritime Industry Finance Company Ltd and Cumnock Coal Limited and Deputy Chairman of Australian Tourist Commission.

DC SEARGEANT
Managing Director, Board Member since 2001.

Age 53. Chairman of National Accommodation Council Australian Hotels Association, Director of Roadshow Distributors Pty Limited, Val Morgan Holdings Pty Limited, Atlab Holdings Pty Limited and Tourism Training Australia.

GL HERRING BCom, DipEd
Independent Non-Executive Director, Board Member since 1984, Chairman of the Audit Committee and
Remuneration Committee Member.

Company Director
Age 69. Director of Carlton Investments Limited, Australian Pharmaceutical Industries Limited, Louis Vuitton Australia Pty Limited, and WIN Corporation Pty Limited.

AJ LANE BA, LLB
Independent Non-Executive Director, Board Member since 1989 and Audit Committee Member.

Company Director
Age 64. Chairman of Mirvac Limited and The Smith Family.

TC FORD FAICD
Independent Non-Executive Director and Board Member since 1993.

Investment Banker
Age 64. Chairman of Resimac Limited, Director of Australian Pipeline Trust, Australian Pipeline Limited, and Resolute Mining Limited.

Explanation of degrees and abbreviations
AM Member in the Order of Australia; **FCA** Fellow of the Institute of Chartered Accountants in Australia; **Bcom** Bachelor of Commerce; **DipEd** Diploma of Education; **BA** Bachelor of Arts; **LLB** Bachelor of Laws; **BE Sydney** Bachelor of Engineering, The University of Sydney; **MBA Harvard** Master of Business Administration, Harvard University; **FAICD** Fellow of the Australian Institute of Company Directors.