AHL AMALGAMATED HOLDINGS LIMITED

AMALGAMATED HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES

ABN: 51 000 005 103

ASX HALF-YEAR INFORMATION
31 DECEMBER 2003

CONTENTS

Lodged with the Australian Stock Exchange ("ASX") under Listing Rule 4.2.A. This information should be read in conjunction with the 30 June 2003 Annual Report.

AHL AMALGAMATED HOLDINGS LIMITED

ABN: 51 000 005 103

Appendix 4D

Half-Yearly Report

Results for announcement to the market

for the half-year ended 31 December 2003
(previous corresponding period: half-year ended 31 December 2002)

Key Information

				$A'000
Revenues from ordinary activities	up	3%	to	198,595
Operating profit before unusual and extraordinary items and income tax	up	34%	to	36,557
Share of associates unusual items				(10,961)
Operating profit after unusual and before income tax				25,596
Income tax attributable to operating profit	up	13%	to	(8,249)
Operating profit after income tax				17,347
Loss from extraordinary items after tax attributable to members				–
Net profit for the period attributable to members	up	N/A	to	17,347

Dividends (distributions)			Amount per security	Franked amount per security
Final dividend	-	2003 (paid 18 September 2003)	6.5 ¢	6.5 ¢
Interim dividend	-	Current year	6.0 ¢	6.0 ¢
	-	Previous corresponding period	5.0 ¢	5.0 ¢

Record date for determining entitlements to the dividend	4 March, 2004

Explanation of Revenue
See attached Directors' Report

Explanation of Profit / (Loss) from Ordinary Activities After Tax
See attached half-year consolidated financial statements.

Explanation of Net Profit / (Loss)
See attached half-year consolidated financial statements.

Explanation of Dividends
See attached half-year consolidated financial statements.

Net Tangible Asset Backing

	December 2003	December 2002
Net tangible asset backing per ordinary share	$2.80	$3.14

Controlled Entities Acquired or Disposed of
See attached half-year consolidated financial statements.

Additional Dividend Information
See attached half-year consolidated financial statements.

Dividend Re-Investment Plans
There are no shareholders' dividend plans in operation.

Associates and Joint Venture Entities
See attached half-year consolidated financial statements.

Compliance statement
The information provided in this report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

The Amalgamated Holdings Limited Financial Report for the financial half-year ended 31 December 2003 has been subject to review. A copy of the independent review report to the members of Amalgamated Holdings Limited is attached.

AMALGAMATED HOLDINGS LIMITED
A.B.N. 51 000 005 103

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AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2003 and the auditors' review report thereon.

Directors
The Directors of the Company at any time during or since the end of the half-year are:

Name	**Period of directorship**
Mr AG Rydge (Chairman)	Director since 1978
Mr GL Herring	Director since 1984
Mr AJ Lane	Director since 1989, retired 31 August 2003
Mr RM Graham	Director since 1990
Mr TC Ford	Director since 1993
Mr AJ Clark AM	Director since 1998
Mr DC Seargeant	Director since 2001
Ms M Hellicar	Appointed 18 September 2003

Review of Operations
The review and results of operations are set out in Annexure 1.

Dividend
On the 19 February 2004 the Directors declared an interim dividend of $7,489,000 (6 cents per share).

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

Dated at Sydney this 19th day of February, 2004.

Signed in accordance with a resolution of the Directors:

AG Rydge	**DC Seargeant**
Director	Director

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated December 2003 $000	December 2002 $000
Revenue from sale of goods		64,832	56,263
Revenue from rendering of services		120,012	99,804
Other revenues from ordinary activities		13,751	36,980
Total revenues from ordinary activities	2	198,595	193,047
Depreciation and amortisation expenses		(16,247)	(13,898)
Borrowing costs		(6,452)	(8,427)
Employee expenses		(53,166)	(49,349)
Film hire and other film expenses		(30,145)	(24,871)
Occupancy expenses		(30,516)	(17,442)
Purchases and other direct expenses		(18,928)	(18,020)
Advertising, commissions and marketing expenses		(7,344)	(7,042)
Carrying value of non-current assets sold		(457)	(678)
Book value of controlled entity sold		–	(8,000)
Write down of carrying value of investment in Village Roadshow Corporation Limited ("VRC")		–	(35,106)
Provision for diminution in carrying values of loan to an associate		–	(2,086)
Other expenses from ordinary activities		(14,589)	(14,169)
Share of net profits accounted for using the equity method:			
Associates	22	(5,450)	8,201
Partnerships	23	10,145	5,609
Unit Trusts	23	150	513
Profit from ordinary activities before related income tax expense		25,596	8,282
Income tax expense relating to ordinary activities	6	(8,249)	(7,301)
Profit from ordinary activities after related income tax expense		17,347	981
Loss from extraordinary item after related income tax expense	4	–	(1,156)
Net profit attributable to members of the parent entity		17,347	(175)
Non-owner transaction changes in equity			
Equity accounted increase / (decrease) in reserves of associates:			
Asset revaluation reserve		–	–
Asset realisation reserve		–	–
General reserve		–	–
Foreign currency translation reserve		(554)	992
		(554)	992
Net increase/(decrease) in retained profits on the initial adoption of:			
Revised AASB1028 "Employee Benefits"		–	(102)
AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"		–	(14,681)
Net exchange difference on translation of financial statements of self-sustaining foreign operations		(2,754)	2,405
		(2,754)	(12,378)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		(3,308)	(11,386)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		14,039	(11,561)
Basic earnings per share		$0.139	$(0.001)
Diluted earnings per share		$0.139	$(0.001)

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Note	Consolidated 31 December 2003 $000	30 June 2003 $000
CURRENT ASSETS			
Cash assets		13,955	15,215
Receivables	7	29,875	36,560
Inventories	8	11,125	9,136
Other	9	5,109	4,123
Total current assets		60,064	65,034
NON-CURRENT ASSETS			
Receivables	7	26,476	24,779
Other financial assets	10	13,893	14,021
Investments accounted for using the equity method	11	183,808	255,869
Property, plant and equipment	12	427,604	330,954
Intangibles	13	74,986	9,878
Deferred tax assets		14,628	13,997
Other	14	14,324	2,845
Total non-current assets		755,719	652,343
Total assets		815,783	717,377
CURRENT LIABILITIES			
Payables	15	61,456	32,460
Interest bearing liabilities	16	216,358	37,454
Current tax liabilities		6,524	3,185
Provisions	17	11,203	8,259
Other	18	14,095	11,079
Total current liabilities		309,636	92,437
NON-CURRENT LIABILITIES			
Interest bearing liabilities	16	44,187	173,117
Deferred tax liabilities		10,240	11,139
Provisions	17	20,351	21,517
Other	18	6,804	528
Total non-current liabilities		81,582	206,301
Total liabilities		391,218	298,738
Net assets		424,565	418,639
EQUITY			
Contributed equity	19	89,311	89,311
Reserves	20	88,653	91,961
Retained profits	21	246,601	237,367
Total equity		424,565	418,639

The statement of financial position is to be read in conjunction with the notes to the half-year financial statements.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated	
	December 2003 $000	December 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	198,675	169,939
Cash payments in the course of operations	(179,275)	(143,703)
Dividends received	421	462
Interest received	332	280
Distributions from partnerships	9,037	8,431
Other revenue	11,483	8,492
Borrowing costs paid	(6,285)	(7,974)
Income taxes paid	(6,440)	(6,281)
Extraordinary item – net costs associated with Thredbo road collapse	–	(1,652)
Net cash provided by operating activities	27,948	27,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	852	282
Payments for property, plant and equipment	(12,937)	(16,162)
Proceeds from sale of a 50% interest in a controlled entity	–	26,407
Net cash received on acquisition of controlled entity (net of acquisition costs)	5,946	–
Payments for increase in investments in associates, partnerships and trusts	(9,437)	(12,090)
Decrease / (increase) in loans to other entities	(8,107)	–
Decrease in loans to associates and partnerships	12,696	9,436
Other	(562)	959
Net cash provided/(used) in investing activities	(11,549)	8,832
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	5,891	17,281
Repayment of borrowings	(15,195)	(46,961)
Dividends paid	(8,113)	(7,489)
Net cash (used)/provided by financing activities	(17,417)	(37,169)
Net increase/(decrease) in cash held	(1,018)	(343)
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(127)	–
Cash at the beginning of the financial period	15,739	10,419
Cash at the end of the financial period	14,594	10,076

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of half-year financial report
The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", Urgent Issues Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It is recommended that this half-year financial report be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Amalgamated Holdings Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under 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 current valuations of non current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2003 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included within an annual financial report.

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half-year. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

	Consolidated	
NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES	**December 2003 $000**	**December 2002 $000**
Revenue from operating activities		
Sale of goods (see below)	64,832	56,263
Rendering of services (see below)	120,012	99,804
	184,844	156,067
Other revenue		
Dividends received or due and receivable	421	381
Interest received or due and receivable	1,025	278
Management fees received or due and receivable	6,375	5,523
Rental income	3,421	2,529
Advertising rebates	979	292
Sundry revenue	678	117
Revenue from outside operating activities		
Gross proceeds from sale of non-current assets	852	1,453
Gross proceeds from sale of a 50% interest in a controlled entity	–	26,407
	852	27,860
	198,595	193,047

Total revenues from sales or services disclosed above does not include the consolidated entity's share of sales revenue earned by Partnerships and Unit Trusts. Total revenue including the consolidated entity's share of the revenue earned by Partnerships and Unit Trusts increased from $263,506,000 to $297,260,000.

NOTE 3 –PROFIT FROM ORDINARY ACTIVITIES	Consolidated December 2003 $000	Consolidated December 2002 $000
(a) Profit from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:		
Cost of goods sold	19,403	18,272
Net (gain)/loss on sale of investments	(506)	(907)
Net loss/(gain) on sale of property, plant and equipment	113	133
(b) Unusual items		
Losses/(gains) 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:		
Provision for diminution in carrying value of loan to an associate	–	2,086
Profit on sale of 50% of Atlab group	–	(18,230)
Write down of carrying value of investment in Village Roadshow Corporation Limited	–	35,106
Unusual items in equity accounted results		
Share of write-downs of non-current assets of Kieft & Kieft Filmtheater GmbH (refer note 22)	10,961	–
	10,961	18,962

(c) Seasonality of operations

The consolidated result includes the operations of the Thredbo Alpine Resort. Due to the timing of the Australian ski season, profits from this business for the financial year to 30 June 2004 will largely be earned in the half year to 31 December 2003.

NOTE 4 – EXTRAORDINARY ITEM

	Consolidated December 2003 $000	Consolidated December 2002 $000
Net cost associated with Thredbo road collapse	–	1,652
Income tax effect	–	(496)
	–	1,156

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

NOTE 5 – DIVIDENDS

	Cents per share	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit	Percentage Franked
Dividends on ordinary shares paid or provided for in the current and comparative periods are:					
2003					
Final 2003 dividend paid	6.5	8,113	18 September 2003	30%	100%
		8,113			
2002					
Final (provided for)	6.0	7,489	3 October 2002	30%	100%
		7,489			

Subsequent events
Since the end of the half-year period, the directors declared the following dividends:

	Cents per share	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit	Percentage Franked
Interim	6.0	7,489	18 March 2004	30%	100%

The financial effect of the dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2003 and will be recognised in subsequent financial reports.

Franking Credits
The balance of franking credits available to Amalgamated Holdings Limited at 31 December 2003 is approximately $76.8 million.

NOTE 6 – TAXATION

	Consolidated December 2003 $000	Consolidated December 2002 $000
Operating profit/(loss) before tax	25,596	8,282
Prima facie income tax expense calculated at 30% on the operating profit	(7,679)	(2,484)
Increase in income tax due to:		
- Depreciation and amortisation not claimable	(931)	(756)
- Share of associates' net loss	(1,635)	–
- Tax losses not recognised	–	(33)
- Partnership timing differences	–	(1,087)
- Other non-deductible items	(195)	(452)
- Write down of VRC investment	–	(10,532)
	(2,761)	(12,860)
Decrease in income tax due to:		
- Rebate on dividend income	180	137
- Capital profits	67	5,637
- Share of associates' net profit	–	2,436
- Tax depreciation on building devaluation decrement	146	147
- Tax benefit on losses not previously brought to account	1,406	–
- Sundry items	118	269
	1,917	8,626
Income tax expense on operating profit	(8,523)	(6,718)
Less: Income tax (under)/over provided in prior year	274	(583)
Income tax expense	(8,249)	(7,301)

Tax Consolidation Legislation

In the previous financial year, Amalgamated Holdings Limited and its wholly-owned Australian subsidiaries decided to implement the tax consolidation legislation as of 1 July 2002. The entities have agreed to enter into a tax sharing agreement.

NOTE 7 – RECEIVABLES

	Consolidated December 2003 $000	June 2003 $000
Current		
Trade debtors	17,176	11,709
Less: Provision for doubtful trade debtors	(2,040)	(931)
	15,136	10,778
Other debtors	8,077	8,060
Less: Provision against recovery	(700)	(700)
	7,377	7,360
Short term deposits	639	524
Loan to unit trust	164	–
Loans to associates	2,324	15,865
Loans to partnerships	4,235	2,033
	29,875	36,560
Non-current		
Receivable from other companies	24,579	22,784
Loans to associates	142	208
Loans provided under AHL employee share plan	1,755	1,787
	26,476	24,779

NOTE 8 – INVENTORIES

	December 2003 $000	June 2003 $000
At cost:		
Raw materials and stores	3,956	3,450
Work in progress	843	286
Finished goods	6,326	5,400
	11,125	9,136

NOTE 9 – OTHER CURRENT ASSETS

	December 2003 $000	June 2003 $000
Prepayments	3,568	2,723
Deferred expenditure - net	1,354	1,213
Construction rights - net	187	187
	5,109	4,123

NOTE 10 – OTHER FINANCIAL ASSETS

	December 2003 $000	June 2003 $000
Non-current		
Investments in other companies		
At cost:		
Unquoted	1,751	1,758
Quoted	12,142	12,263
	13,893	14,021

Option Granted over Shares in Quoted Company

During the previous financial year 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 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated December 2003 $000	Consolidated June 2003 $000
Associates	49,208	121,729
Partnerships	121,976	121,311
Unit trust	12,624	12,829
	183,808	255,869

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	December 2003 $000	June 2003 $000
Freehold land and buildings		
At cost	264,422	262,925
Less: Accumulated depreciation	(41,968)	(40,537)
	222,454	222,388
Land subject to long term lease		
– At cost	56	56
– At cost and subject to long term finance lease	7,757	–
	7,813	56
Buildings and improvements subject to long term leases		
At cost	86,787	59,740
Less: Accumulated amortisation	(31,852)	(25,547)
	54,935	34,193
Capital works in progress		
At cost	923	1,134
Plant and equipment		
At cost	336,167	187,898
Less: Accumulated depreciation	(194,703)	(114,739)
	141,464	73,159
Leased plant and equipment		
At capitalised cost	79	79
Less: Accumulated amortisation	(64)	(55)
	15	24
Total property, plant and equipment at net book value	427,604	330,954

	Consolidated	
	December 2003 $000	June 2003 $000
NOTE 13 – INTANGIBLES		
Goodwill	85,488	19,511
Less: Accumulated amortisation	(10,763)	(9,894)
	74,725	9,617
Liquor licences	261	261
	74,986	9,878
NOTE 14 – OTHER NON-CURRENT ASSETS		
Construction rights – net	1,726	1,697
Deferred expenditure – net	412	508
Security deposits	11,546	–
Wildlife	640	640
	14,324	2,845
NOTE 15 – PAYABLES		
Trade creditors	25,114	5,818
Other creditors and accruals	36,342	26,642
	61,456	32,460
NOTE 16 – INTEREST BEARING LIABILITIES		
Current		
Bank bills payable – secured (refer below)	165,102	5,000
Bank loans – secured (refer below)	14,300	–
Deferred consideration payable – secured	31,426	31,988
Loans from associates – unsecured	577	448
Loans from other companies – unsecured	3,571	–
Lease liabilities – secured	1,382	18
	216,358	37,454
Non-current		
Bank bills payable – secured (refer below)	–	170,886
Bank loans – secured (refer below)	11,043	–
Loans from associates – unsecured	263	260
Loans from other companies – unsecured	5,591	1,960
Lease liabilities – secured	27,290	11
	44,187	173,117

Financing Arrangements

Bank bills payable - secured
Bank bills payable have been classified as current liabilities as at 31 December 2003 as the current three year facilities mature on 9 July 2004. The consolidated entity has commenced processes to refinance these facilities for a new term of three years.

The consolidated entity maintained its main facilities during the half-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. 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.

NOTE 16 – INTEREST BEARING LIABILITIES (continued)

Bank loans - secured

In addition to these facilities, a wholly owned subsidiary, Kieft & Kieft Filmtheater GmbH has bank loans outstanding of $25,343,000. Of these bank loans an amount of $21,455,000 is required to be amortised by equal repayment instalments over an eighteen month period to 30 June 2005.

	Consolidated	
	December 2003 $000	June 2003 $000
NOTE 17 – PROVISIONS		
Current		
Employee benefits	8,347	5,794
Onerous contracts	2,129	1,742
Insurance loss contingencies and other	727	723
	11,203	8,259
Non-current		
Employee benefits	1,987	2,157
Onerous contracts	15,240	16,403
Other	738	–
Support of related entities	2,386	2,957
	20,351	21,517
NOTE 18 – OTHER LIABILITIES		
Current		
Deferred revenue	14,095	11,079
Non-current		
Deferred revenue	6,804	528
NOTE 19 – CONTRIBUTED EQUITY		
Issued and paid-up capital		
124,814,442 (June 2003: 124,814,442) ordinary shares fully paid	89,311	89,311

Management share option plan

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
During the period the following management share plan options were issued:			
20 November 2003	30 September 2008	$2.75	450,000
Unissued ordinary shares of the Company under option are:			
30 October 2000	30 October 2005	$2.27	400,000
5 February 2002	30 September 2006	$2.26	1,275,000
18 July 2002	30 September 2006	$2.59	100,000
20 December 2002	30 September 2006	$2.22	250,000
20 November 2003	30 September 2008	$2.75	450,000

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

NOTE 20 – RESERVES

	Consolidated December 2003 $000	Consolidated June 2003 $000
Asset revaluation	10,847	10,847
Asset realisation	81,750	81,750
General	735	735
Foreign currency translation	(4,679)	(1,371)
	88,653	91,961

NOTE 21 – RETAINED PROFITS

	December 2003 $000	December 2002 $000
Retained profits at the beginning of the financial period	237,367	195,745
Net profit/(loss) attributable to members of the parent entity	17,347	(175)
	254,714	195,570
Net effect of initial adoption of:		
Revised AASB 1028 "Employee Benefits"	–	(102)
Revised AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	–	(14,681)
	–	(14,783)
Net effect of dividends from:		
Initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	–	7,489
Dividends recognised during the period	(8,113)	(7,489)
Total dividends	(8,113)	–
Retained profits at the end of the period	246,601	180,787

NOTE 22 – INVESTMENTS IN ASSOCIATES

Details of investments in associates are as follows:

Name	Principal Activities	Class of Share	Interest December 2003 %	Interest June 2003 %	Investment carrying amount December 2003 $000	Investment carrying amount June 2003 $000	Contribution to operating profit December 2003 $000	Contribution to operating profit December 2002 $000	Contribution to operating profit June 2003 $000
Atlab Holdings Pty Limited	Multi copy film release printing and post production facility	Ord	50	50(c)	(c)	(c)	962	1,355	2,261
Cinema Developments Pty Ltd	Investor	Ord	50	50	–	–	–	–	–
Cinesound Movietone Productions Pty Ltd	Film owner and distributor	Ord	50	50	88	81	7	8	13
Cinestar Sp. Z.o.o.	Film exhibitor	Ord	50	50	–	–	–	–	–
CFM Cinema Facility Management GmbH	Property management	Ord	51	–	22	–	–	–	–
Greater Union Kieft BV	Film exhibitor	Ord	50	50	1,156	992	211	82	203
Hindmarsh Square Entertainments Pty Ltd	Property owner and film exhibitor	Ord	50	50	1,062	1,231	(169)	11	14
Kieft & Kieft Filmtheater GmbH	Film exhibitor	Ord	(d)	50	(d)	85,376	(18,735)(e)	304	(8,952)(e)
MAF Greater Union LLC	Film exhibitor	Ord	49	49	7,771	8,506	686	633	889
Roadshow Distributors Pty Ltd	Film distributor	Ord	50	50	33,901	24,185	9,610	5,913	8,649
Val Morgan Holdings Pty Limited	Screen Advertising	Ord	33(f)	33	3,081	1,266	1,815	–	1,266
Village Drive-In (Essendon) Pty Ltd	Investor	Group A ord	50	50	–	–	–	–	–
Village Roadshow Netherlands BV	Film distributor	Ord	50	50	62	92	(22)	(105)	(105)
Filmpalast am ZKM Karlsruhe GmbH	Film exhibitor	Ord	50	–	2,061	–	185	–	–
Other					4	–	–	–	–
					49,208	121,729	(5,450)	8,201	4,238

NOTE 22 – INVESTMENTS IN ASSOCIATES (continued)

Notes:

(a) Cinestar Sp.Z.o.o and MAF Greater Union LLC were incorporated in Poland and the United Arab Emirates respectively. Kieft & Kieft Filmtheater GmbH, Filmpalast am ZKM Karlsruhe GmbH, CFM Cinema Facility Management GmbH were incorporated in Germany. Greater Union Kieft BV and Village Roadshow Netherlands BV were incorporated in The Netherlands.

(b) 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.

(c) 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 is recognised.

(d) Kieft & Kieft Filmtheater GmbH became a wholly owned subsidiary on 2 December 2003. Refer Note 25.

(e) The loss recorded for Kieft & Kieft Filmtheater GmbH includes the consolidated entity's share of the equity accounted result of this entity from 1 July to 2 December 2003. This result included the consolidated entity's share, amounting to $10,961,000 (30 June 2003: $4,327,000), of a provision for write downs in the carrying value of specific underperforming cinema sites and fair value adjustments to other non current assets. The results of this entity are consolidated from 2 December 2003.

(f) A one third interest in Val Morgan was acquired on 24 December 2002. Other interests are held by Hoyts Cinemas Australia and Village Roadshow Limited. On acquisition, undertakings were given to the Australian Competition and Consumer Commission (ACCC) that two of the acquiring exhibitors will divest of their interest in Val Morgan within 18 months of acquisition.
The process for divestment of our 33.3% interest has commenced. This process is expected to be finalised well before 30 June 2004.

NOTE 23 – INVESTMENTS IN PARTNERSHIPS AND UNIT TRUSTS

Details of investments in other partnerships and unit trusts are as follows:

			Profit share		Investment carrying amount		Contribution to operating profit		
Name	Principal activities	Nature of interest	December 2003 %	June 2003 %	December 2003 $000	June 2003 $000	December 2003 $000	December 2002 $000	June 2003 $000
(i) Partnerships									
Arndale Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	11,472	11,678	719	688	1,581
Australian Theatres Joint Venture	Owner and operator of multiscreen cinema complexes	Share of partnership assets	50	50(c)	77,681	77,082	6,522	3,439	7,226(d)
Broadway Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	6,695	6,714	735	373	447
Browns Plains Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33(c)	316	295	24	11	29
Castle Hill Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33(c)	4,493	4,663	582	467	1,128
Casuarina Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	7,238	7,651	547	413	905
Fountaingate Cinema Parternship	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	4,708	4,526	181	27	273
Garden City Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	2,094	2,042	430	403	896
Geelong Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	(267)	(229)	(38)	(87)	(69)
Jam Factory Cinema Operations Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	308	329	(21)	10	20
Jam Factory Shopping Centre Partnership	Property investor	Share of partnership assets	50	50	310	310	–	–	–
Movieline Partnership	Owner and operator of a cinema ticketing service	Share of partnership assets	33	33	76	108	(119)	(169)	(516)
Neue Filmpalast GmbH & Co KG	Film exhibitor	Share of assets in limited partnership	50	–	–(f)	–	399	–	–
Perth Cinecentre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	45	45	(55)	(85)	(107)	(119)	(2)
Piccadilly Cinema	Owner and operator of a multiscreen cinema complex	Share of partnership assets	30	30	636	589	79	49	94
					115,705	115,673	9,933	5,505	12,012

NOTE 23 – INVESTMENTS IN PARTNERSHIPS AND UNIT TRUSTS (continued)

Name	Principal activities	Nature of interest	Profit share December 2003 %	Profit share June 2003 %	Investment carrying amount December 2003 $000	Investment carrying amount June 2003 $000	Contribution to operating profit December 2003 $000	Contribution to operating profit December 2002 $000	Contribution to operating profit June 2003 $000
	Carried forward				115,705	115,673	9,933	5,505	12,012
Shellharbour Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	261	251	60	23	203
Southbank Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	111	84	(25)	(126)	(392)
Southport 6 Cinemas	Operator of a multiscreen cinema complex	Share of partnership assets	51(b)	51(b)	1,116	417	140	130	228
Toowoomba Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,838	1,818	160	181	269
Village Greater Union Parramatta Partnership	Operator of multiscreen cinema complexes	Share of partnership assets	50	50	2,945	3,068	(123)	(104)	(103)
					121,976	121,311	10,145	5,609	12,217
(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	50(e)	12,624	12,829	150	513	2,489
					12,624	12,829	150	513	2,489

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) Increased profit share entitlement effective from 26 March 2003.
(d) The profit for the 30 June 2003 year includes the consolidated entity's share, amounting to $1,861,000, of a provision for write downs in the carrying value of specific underperforming cinema sites.
(e) Increased profit share entitlement effective from 31 December 2002.
(f) Neue Filmpalast GmbH & Co KG ("NFP") 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 NFP and our equity share of these profits is recognised.

Option Granted

A wholly owned subsidiary, Kieft & Kieft Filmtheater GmbH, has entered into a put option agreement which grants a joint venture partner the right to sell its interest in Neue Filmpalast GmbH & Co. KG to Kieft & Kieft Filmtheater GmbH at original cost to the joint venture partner less the partner's share in any carry forward losses. The option can be exercised in the month of September 2005 if the joint venture has not grown the business through acquisitions beyond an agreed level by 26 August 2005.

If the option was to be exercised as at 31 December 2003, no purchase consideration would be payable in respect of the transfer of a 50% interest.

NOTE 24 – SEGMENT INFORMATION	Cinema Exhibition Domestic $000	Cinema Exhibition International $000	Entertainment Technology $000	Hotels $000	Thredbo Alpine Resort $000	Leisure/ Attractions $000	Strategic Investments $000	Other $000	Consolidated $000
Primary reporting – Business Segments 31 December 2003									
Segment revenue	54,032*	30,072*	5,673	48,114	37,097	18,221	–	3,313	196,522
Other unallocated revenue									2,073
Total revenue									198,595
Segment result before share of associates results	3,738	3,728#	(14)	8,566	12,521	184	–	973	29,696
Share of associates' net profit/(loss) equity accounted	9,787	(6,293)	969	–	–	–	11,343	–	15,806
Share of associates unusual Items	–	(10,961)	–	–	–	–	–	–	(10,961)
	13,525	(13,526)	955	8,566	12,521	184	11,343	973	34,541
Unallocated revenues and expenses									(3,709)
Interest (net)									(5,236)
Profit from ordinary activities before related income tax expense									25,596

* Amount does not include the consolidated entity's share of sales revenue earned by Cinema Partnerships. If this share of revenue was to be included, Cinema Exhibition Domestic revenue would increase from $54,032,000 to $142,761,000 and Cinema Exhibition International revenue would increase from $30,072,000 to $36,139,000. International Exhibition revenue is revenue derived by the German cinema operation since the acquisition of an additional 50% interest in Kieft & Kieft Filmtheater GmbH.

\# Amount represents profits (before equity accounted results) derived by Kieft & Kieft since 2 December 2003, less overhead expenses relating to the international operations for the half-year period.

NOTE 24 – SEGMENT INFORMATION (continued)	**Cinema Exhibition Domestic $000**	**Cinema Exhibition International $000**	**Entertainment Technology $000**	**Hotels $000**	**Thredbo Alpine Resort $000**	**Leisure/ Attractions $000**	**Strategic Investments $000**	**Other $000**	**Consolidated $000**
Primary reporting – Business Segments 31 December 2002									
Segment revenue	48,860*	–	19,718	43,516	34,418	15,713	–	2,600	164,825
Proceeds from the sale of a 50% interest in a controlled entity	–	–	26,407	–	–	–	–	–	26,407
	48,860	–	46,125	43,516	34,418	15,713	–	2,600	191,232
Other unallocated revenue									1,815
Total Revenue									193,047
Segment result before share of associates results	3,549	(29)	2,364	5,925	10,677	418	–	363	23,267
Share of associates' net profit/(loss) equity accounted	5,788	1,020	1,363	–	–	–	6,152	–	14,323
Unusual Items	(2,086)	–	18,230	–	–	–	(35,106)	–	(18,962)
	7,251	991	21,957	5,925	10,677	418	(28,954)	363	18,628
Unallocated revenues and expenses									(2,197)
Interest (net)									(8,149)
Profit from ordinary activities before related income tax expense									8,282

* Amount does not include the consolidated entity's share of sales revenue earned by Cinema Partnerships. If this share of revenue was to be included, Cinema Exhibition Domestic revenue would increase from $48,860,000 to $116,282,000.

NOTE 24 – SEGMENT INFORMATION (continued)

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 - Domestic**
  Includes the Australian cinema exhibition operations.

- **Cinema Exhibition - International**
  Includes the cinema exhibition operations in Germany, the Netherlands and the Middle East.

- **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.

NOTE 25 – CHANGES IN COMPOSITION OF THE ENTITY

The following controlled entities were acquired or disposed of during the period:

Acquisition

31 December 2003

On 2 December 2003, the consolidated entity completed an agreement with Marlis Kieft and Heiner Kieft to aquire their 50% shareholding in Kieft & Kieft Filmtheater GmbH, thereby taking the consolidated entity's interest in Kieft & Kieft Filmtheater GmbH to 100% and 50% in Neue Filmpalast GmbH & Co. KG.

Prior to 2 December 2003, the consolidated entity had equity accounted the results of Kieft & Kieft Filmtheater GmbH. From 2 December 2003 the results and balances of Kieft & Kieft Filmtheater GmbH have been included in the consolidated financial reports.

Name	Date Acquired	Consolidated entity's interest %	Consideration* $'000
Kieft & Kieft Filmtheater GmbH	2 December 2003	100	12,480

* Also refer to Note 26.

Contribution of Kieft & Kieft Filmtheater GmbH, including its controlled and associated entities, to revenue and consolidated net profit for the half-year 31 December 2003 was as follows:

	$000
Revenue	
Contribution prior to 2 December 2003	–
Contribution after 2 December 2003	30,072
Net profit / (loss)	
Contribution prior to 2 December 2003	(18,735)*
Contribution after 2 December 2003	4,454

* Amount includes write down in non-current assets of $10,961,000.

Also arising out of Kieft & Kieft Filmtheater GmbH becoming a wholly owned subsidiary, the following interests in associate entities are now recognised:

- Neue Filmpalast GmbH & Co. KG
- Filmpalast am ZKM Karlsruhe GmbH
- CFM Cinema Facility Management GmbH

31 December 2002

The consolidated entity did not gain control over any entities during the prior corresponding half-year period.

Disposal

31 December 2003

The consolidated entity did not relinquish control over any entities during the half-year period.

NOTE 25 – CHANGES IN COMPOSITION OF THE ENTITY (continued)

31 December 2002

On 10 September 2002, the company completed an agreement with a subsidiary of The Rank Group Plc for the sale of 50% of its interest in the Atlab group of companies. The Atlab group undertakes multi-release film printing and post-production services. The sale did not include the Atlab Image and Sound Technology cinema fitout business.

The consideration received from the sale was $26.4 million, with a profit on sale of $18.2 million being recognised in the half year results to 31 December 2002.

The Atlab group of companies are now classified as associate entities over which the consolidated entity exercises significant influence. In the consolidated financial statements, investments in associate entities are accounted for using equity accounting principles.

Contribution of the Atlab group of companies, excluding Atlab Image & Sound Technology, to revenue and consolidated net profit prior to disposal of a 50% interest was as follows:

	31 December 2002 $'000
Contribution to revenue prior to disposal	11,025
Contribution to consolidated net profit prior to disposal	1,765

The post disposal contribution from the 50% equity interest in the Atlab group of companies (Atlab Holdings), to net profit from associate entities, is disclosed at note 22.

NOTE 26 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Other than set out below, there were no material changes in contingent liabilities or contingent assets since 30 June 2003.

Acquisition of 50% interest in Kieft & Kieft
An agreement to acquire a 50% interest in Kieft & Kieft Filmtheater GmbH ("Kieft & Kieft") from Marlis Kieft and Heiner Kieft, was completed on 2 December 2003. This resulted in the AHL group increasing its interests in Kieft & Kieft Filmtheater GmbH to 100% and Neue Filmpalast GmbH & Co. KG to 50%.

Under the terms set out in the Share Purchase Agreement, Marlis Kieft and Heiner Kieft are entitled to incentive payments over a three year term and a final payment after three years, if set trading cashflow performance conditions are met. The final payment after three years is dependent on a multiple of trading cashflow, before interest and tax, from the business for the calendar year 2006, less financial debt of the business, exceeding an agreed amount. Any final payment made at conclusion of the three years to 31 December 2006 would be treated as part of the acquisition cost of the 50% interest in Kieft & Kieft.

Current trading performance of Kieft & Kieft is not at a level that would give rise to incentive payments or a final payment being payable.

Due to the acquisition of Kieft & Kieft there has been a material change of some commitments since the end of the previous financial year. Details of the commitments at the respective dates are outlined below:

	Consolidated	
	December 2003 $000	**June 2003 $000**
Operating lease Commitments		
Not later than one year	78,713	22,519
Later than one year but not later than five years	308,150	74,237
Later than five years	678,540	124,071
	1,065,403	220,827
Financing lease Commitments		
Not later than one year	3,366	25
Later than one year but not later than five years	13,371	11
Later than five years	27,404	–
	44,141	36
Less: Future lease financing charges	(15,469)	(7)
	28,672	29
Associates		
The Company or a controlled entity has guaranteed the consolidated entity's share of obligations made by certain associate entities in respect of operating lease commitments:	62,100	156,099

NOTE 27 – EVENT SUBSEQUENT TO REPORTING DATE

For interim dividends declared after 31 December 2003 see note 5.

NOTE 28 – NON-CASH INVESTING ACTIVITIES

On 2 December 2003, the consolidated entity completed an agreement with Marlis Kieft and Heiner Kieft to aquire their 50% shareholding in Kieft & Kieft Filmtheater GmbH, thereby taking the consolidated entity's interest in Kieft & Kieft Filmtheater GmbH to 100% and 50% in Neue Filmpalast GmbH & Co. KG. The consideration paid for the transfer was the release of loan obligations held by Marlis and Heiner Kieft. Further details are disclosed at note 25.

NOTE 29 – FUTURE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards
For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which assets, liabilities or transactions are presented under IFRS.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of IFRS have not been quantified as the actual impacts will depend on the particular circumstances prevailing on adoption in the half-year commencing on 1 July 2005.

From information released by the Australian Accounting Standards Board it is currently understood that the key potential implications of the conversion to IFRS on the consolidated entity are as follows:

- interests in joint ventures, where there is deemed joint control, may be accounted for using either the proportionate consolidation method (the recommended "benchmark" treatment) or the equity method (current method used by AHL)

- income tax will be calculated based on the "balance sheet" approach, which may result in more deferred tax assets and liabilities being recognised

- investment properties may be stated at fair value with increments and decrements going through the statement of financial performance (measured at cost and depreciated) and owner occupied properties will be classified as property, plant and equipment

- goodwill and intangible assets which are deemed to have indefinite useful lives will be tested for impairment annually and will not be amortised

- impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired

- financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value

- equity-based employee compensation in the form of options will be recognised as expenses which would be amortised over the period from the grant date to the vesting date

- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the Directors of Amalgamated Holdings Limited:

1. The financial statements and notes set out on pages 5 to 27, are in accordance with the Corporations Act 2001, including:

    (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

    (b) complying with Accounting Standard AASB 1029 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 19th day of February 2004.

Signed in accordance with a resolution of the Directors:

AG Rydge	**DC Seargeant**
Director	Director

INDEPENDENT REVIEW 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 to the financial statements, and the directors' declaration for the Amalgamated Holdings Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2003. The Consolidated Entity comprises Amalgamated Holdings Limited ("the Company") and the entities it controlled during that half-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.

Review approach
We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
A review cannot guarantee that all material misstatements have been detected.

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

Statement
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Amalgamated Holdings Limited is not in accordance with:

a) the Corporations Act 2001, including:
   i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
   ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

M J Coleman
Partner

Sydney
19 February 2003

AHL AMALGAMATED HOLDINGS LIMITED

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

CONSOLIDATED GROUP RESULT

	2003 $'000s	2002 $'000s
Operating profit before unusual and extraordinary items and income tax	36,557	27,244
Unusual Items:		
Write down in carrying value of assets in Kieft & Kieft	(10,961)	–
Profit on sale of 50% interest in Atlab group	–	18,230
Write down of carrying value of investment in VRC	–	(35,106)
Provision against loan to Associate Company	–	(2,086)
	(10,961)	(18,962)
Operating profit before extraordinary items and income tax	25,596	8,282
Income tax attributable to operating result	(8,249)	(7,301)
Operating profit/(loss) after income tax	17,347	981
Extraordinary items after tax - Thredbo road collapse costs	–	(1,156)
Profit/(loss) after extraordinary items and income tax	17,347	(175)
Operating Revenue		
Revenue from sales and services	184,844	156,067
Other revenue	13,751	10,573
Proceeds on 50% sale of Atlab interest	-	26,407
	198,595	193,047

The half-year profit before unusual and extraordinary items and income tax represents an increase of $9.31 million or 34% on the previous half-year.

The increase in half-year profit, before unusual and extraordinary items, was achieved through continuing strong earning performances in our core business areas of Domestic Exhibition, Rydges Hotels & Resorts and Thredbo. Also contributing to the increased result was the contribution from our 50% interest in Roadshow Distribution with a significant lift in DVD sales driven primarily by the release of *Matrix Reloaded* and *Lord of the Rings: The Two Towers.*

Earning from the Rydges Hotels & Resorts group continues to improve with the recovery from the downturn in the international travel market due to the impact of SARS and terrorism.

A lower level of debt resulted in a reduction in borrowing costs of $1.97 million from that of the previous half-year.

The results from our cinema exhibition business in Germany, Kieft & Kieft, were again disappointing. As disclosed at the Annual General Meeting held in October 2003, admissions in the first quarter of the current year were impacted by the recessed German economy and the heat-wave conditions over the European summer. The second quarter did show signs of improvement with the release and resultant strong box office of *Lord of the Rings: Return of the King* in mid December.

As announced to the market in November 2003, a wholly owned subsidiary of AHL reached agreement to acquire the 50% interest in Kieft & Kieft held by Marlis Keift and Heiner Kieft. This transaction was completed on 2 December 2003 and resulted in the AHL group increasing its interest in Kieft & Kieft to 100% and in Neue Filmpalast to 50%. The financial statements of Kieft & Kieft since the date of acquisition of this 50% interest have been consolidated into the AHL group financial statements.

Prior to consolidating the financial statements of Kieft & Kieft, a review was undertaken of the carrying value of individual cinema sites and of other assets in the financial statements of Kieft & Kieft. AHL's pre-acquisition share of write-downs arising from this review, amounting to A$10.96 million, has been expensed as an unusual item in the half-year results.

REVIEW OF OPERATIONS AND OUTLOOK BY DIVISION

Entertainment

Australian Domestic Exhibition
Domestic Exhibition driven by the outstanding success of *Finding Nemo* continued to build on the growth seen in the last two years and recorded another solid result. Total revenue for the half-year from our owned and managed sites was $161.7 million, an increase of 5.5% compared with the prior year, driven by an increase in cinema admissions of 2.5% and merchandising revenue of 8.6%.

Reduced screen advertising income continues to impact profitability due to the renegotiated contracts with sales agent Val Morgan. Advertising income did however improve during the half-year and is expected to continue this improvement in the second half.

Our interest in the Australian Theatres Joint Venture was increased during 2002/03 and positively impacted results during this half-year.

Refurbishment of our cinemas is an ongoing activity with Tuggerah and Glendale in New South Wales receiving upgrades in the half-year. An unprofitable cinema at South Bank in Brisbane was closed during the half-year, in line with our previously announced policy of rationalising under performing sites.

Revenue growth is expected to continue in the second half of the year. Strong films such as *Lord of the Rings: Return of the King,* the third instalment in the *Harry Potter* series and *Shrek 2* are expected to continue Australian's long running passion for cinema-going.

The company expects to open a major new cinema complex at Bondi Junction late in the financial year. This cinema will showcase a number of new strategies to sustain growth in future years.

The successful Gold Class cinema concept will be added to our flagship location in Marion, Adelaide.

International Exhibition
As noted above, the acquisition of the 50% interest in Kieft & Kieft Germany held by Marlis Kieft and Heiner Kieft was completed on 2 December 2003. This has resulted in Kieft & Kieft becoming a wholly owned subsidiary of the AHL group from that date. The group's interest in Neue Filmpalast has also increased to 50% as a result of this transaction.

Consideration paid for the transfer was the release of loan obligations of Marlis and Heiner Kieft amounting to Euro 7.65 million (A$12.48 million).

Marlis and Heiner Kieft will continue to be involved with the management of Kieft & Kieft for a period of up to three years. During this period they will be entitled to incentive payments and a final incentive payment after three years if set trading cashflow performance conditions are met.

Kieft & Kieft operates the Cinestar circuit in Germany, which currently exhibits through 54 cinema sites throughout Germany, utilising 364 screens. Kieft & Kieft also has a 50% interest in Neue Filmpalast, which operates the Ufa circuit and consists of 31 cinema sites in Germany, operating 187 screens.

Although Kieft & Kieft performed at or above expectation in the month of November and December 2003, the trading performance in the preceding months was disappointing. Trading performance was impacted by heat wave conditions in Germany in the early months of the financial year, however, an overriding factor to the poor performance has been recessed economic conditions in Germany resulting in low consumer confidence.

An improvement in future earnings, resulting from a lift in admission numbers as the German economy continues to improve, is anticipated. Management is also focused on the achievement of sustainable long-term reductions in the level of operation costs. These include payroll, film hire terms and the level of lease rental for cinema sites.

The performance of the Group's interest in a 10-screen multiplex in the Netherlands was pleasing, with admissions growth of 6% on that of the prior half-year period.

The level of returns on the company's investment in the Middle East continue to improve with total revenue growth compared with the prior year of 7.9% for the first half, this was primarily driven by improvements in merchandising sales and screen advertising. The performance of the Marina Mall and Ajman cinemas continued the improvement seen in the last financial year.

Entertainment Technology

The decline in Australian film and television production led to a short term softening in earnings at Atlab. Demand from this sector is expected to lift in the second half. The new multiple release printing facility has now been completed enabling a significant lift in capacity.

Atlab Image and Sound Technology had a satisfactory 6 months and the outlook for the second half is positive with service contract earnings to continue.

Filmlab Engineering trading declined over the prior year, however the outlook for the full year is more positive with a new processor sale to Mexico anticipated.

Strategic Investments

In Roadshow Distributors earnings were significantly higher than the prior year due mainly to the exceptional performance in the Entertainment Division driven by retail and rental DVD sales, which offset the lower than expected performance in the Theatrical Division.

Results from the Theatrical Division were lower than the prior year due to *Matrix Revolutions, Looney Tunes: Back In Action* and Australian titles *Take Away* and *Bad Eggs* falling short of their forecast performance.

Results from the Entertainment Division were boosted by the DVD release of blockbuster titles such as *Matrix Reloaded* and *Lord Of The Rings: The Two Towers*. ABC, BBC and back catalogue titles also contributed to the strong result.

Earnings are forecast to remain strong in the second half of the year due to an excellent theatrical line up including *Lord Of The Rings: Return Of The King, The Last Samurai, Troy,* and the third *Harry Potter* sequel. The Entertainment Division is expected to also trade strongly due to the release on DVD and VHS of *Lord Of The Rings: Return Of The King* in conjunction with continuing back catalogue sales.

Val Morgan earnings were higher than anticipated for the first half of the year due to the increased film and digital motion graphics advertising demand in the lead-up to the Christmas holiday period and the cost savings resulting from the closure of the slide advertising business.

As advised in our December 2002 ASX release, a condition of our acquisition of a one third interest in Val Morgan was an ACCC undertaking requiring two of the three acquiring exhibitors to divest of their interest in Val Morgan within an 18 month period from the date of acquisition.

This divestment process has commenced between the exhibitors and an announcement will be made to the market when appropriate.

Hospitality and Leisure

Rydges Hotels & Resorts
Earnings before interest and tax within Rydges Hotels & Resorts were up on the prior year due to the continuing recovery in international visitation and the staging of the Rugby World Cup in November.

Occupancy levels improved by 2 percentage points over the prior year and this combined with an increase in average room rate contributed to the growth in earnings of 34.5%.

Rydges on-line booking system, which allows customers to select hotels and rates and book direct over the Internet, went live in December 2003 and has demonstrated very positive results.

Thredbo
Thredbo enjoyed a very successful 2003 ski season with an abundance of natural snow being complemented by excellent conditions for snowmaking.

Leisure and Attractions
Matilda Cruises has seen an improvement in Scheduled and Charter business in the first half being well ahead of the prior year. Strong charter business levels were experienced through Rugby World Cup and in the traditional peak summer season.

Pier 26 Café and Bar continues to trade well ahead of budget and the prior year enjoying strong domestic and tourist support. Securing the British Rugby supporters during the Rugby World Cup made a positive contribution.

Featherdale Wildlife Park continued to experience a shortfall in the inbound market however its appeal to the domestic market has seen Featherdale achieve an improved result over the prior year.

Both BlueRock Catering and the State Theatre produced results generally in line with expectations.

The strong first half is expected to enable the Group to produce a solid full year result.