



**AMALGAMATED HOLDINGS LIMITED  
AND ITS CONTROLLED ENTITIES**

ABN: 51 000 005 103

**ASX HALF-YEAR INFORMATION  
31 DECEMBER 2004**

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Lodged with the Australian Stock Exchange ("ASX") under Listing Rule 4.2.A. This information should be read in conjunction with the 30 June 2004 Annual Report.



## Appendix 4D

### Half-Yearly Report

#### Results for announcement to the market

for the half-year ended 31 December 2004  
(previous corresponding period: half-year ended 31 December 2003)

Key Information				\$A'000
Revenues from ordinary activities	up	72.8%	to	343,231
Operating profit before unusual items and income tax	up	33.4%	to	48,756
Unusual items				2,844
Operating profit after unusual and before income tax				51,600
Income tax attributable to operating profit	up	30.4%	to	(10,755)
Operating profit after income tax				40,845
Net profit attributable to outside equity interests				(49)
Net profit for the period attributable to members	up	135.2%	to	40,796

Dividends (distributions)			Amount per security	Franked amount per security
Final dividend	-	2004 (paid 22 September 2004)	7.0 ¢	7.0 ¢
Interim dividend	-	Current year	7.0 ¢	7.0 ¢
	-	Previous corresponding period	6.0 ¢	6.0 ¢

Record date for determining entitlements to the dividend

3 March 2005

**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 2004	December 2003
Net tangible asset backing per ordinary share	\$3.10	\$2.80

**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 2004 has been subject to review. A copy of the independent review report to the members of Amalgamated Holdings Limited is attached.



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Directors' Declaration

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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 2004 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:

<b>Name</b>	<b>Period of directorship</b>
Mr AG Rydge (Chairman)	Director since 1978
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	Director since 2003

**Review of Operations**

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

**Dividend**

On the 17 February 2005 the Directors declared an interim dividend of \$8,792,000 (7 cents per share).

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2004.

**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 17<sup>th</sup> day of February, 2005.

Signed in accordance with a resolution of the Directors:

  
**AG Rydge**  
Director

  
**DC Seargeant**  
Director



**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF  
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AMALGAMATED HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

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

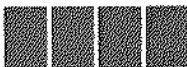
Dated at Sydney this 17<sup>th</sup> day of February, 2005.

*Kpmg*

**KPMG**

*Alan Walsh*

**Alan Walsh**  
Partner



**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

	Note	Consolidated	
		December 2004 \$000	December 2003 \$000
Revenue from sale of goods		92,766	64,832
Revenue from rendering of services		229,890	120,012
Other revenue from ordinary activities		20,575	13,751
Total revenue from ordinary activities	2	343,231	198,595
Depreciation and amortisation expenses		(17,426)	(16,247)
Borrowing costs		(7,507)	(6,452)
Employee expenses		(76,406)	(53,166)
Film hire and other film expenses		(68,581)	(30,145)
Occupancy expenses		(83,914)	(30,516)
Purchases and other direct expenses		(30,880)	(18,928)
Advertising, commissions and marketing expenses		(12,208)	(7,344)
Carrying value of non-current assets sold		(2,297)	(457)
Other expenses from ordinary activities		(15,403)	(14,589)
Share of net profits/(losses) accounted for using the equity method:			
Associates	21	12,965	(5,450)
Partnerships	22	10,026	10,145
Unit Trusts	22	-	150
<b>Profit from ordinary activities before income tax expense</b>	3	51,600	25,596
Income tax expense relating to ordinary activities	5	(10,755)	(8,249)
<b>Profit from ordinary activities after income tax expense</b>		40,845	17,347
Net profit attributable to outside equity interests		(49)	-
<b>Net profit attributable to members of the parent entity</b>		40,796	17,347
<b>Non-owner transaction changes in equity</b>			
Equity accounted decrease in foreign currency translation reserve of associates		(1,137)	(554)
Net exchange difference on translation of financial statements of self-sustaining foreign operations		(717)	(2,754)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		(1,854)	(3,308)
Total changes in equity from non-owner related transactions attributable to the members of the parent entity		38,942	14,039
Basic earnings per share		\$0.325	\$0.139
Diluted earnings per share		\$0.323	\$0.139

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 2004**

	Note	Consolidated	
		31 December 2004 \$000	30 June 2004 \$000
<b>Current Assets</b>			
Cash assets		38,440	25,305
Receivables	6	30,905	28,312
Inventories	7	12,853	12,696
Other	8	4,707	6,148
<b>Total current assets</b>		86,905	72,461
<b>Non-Current Assets</b>			
Receivables	6	32,228	31,299
Other financial assets	9	13,397	13,945
Investments accounted for using the equity method	10	170,899	172,232
Property, plant and equipment	11	408,898	416,167
Intangible assets	12	12,166	12,808
Deferred tax assets		15,238	14,483
Other	13	11,735	11,464
<b>Total non-current assets</b>		664,561	672,398
<b>Total assets</b>		751,466	744,859
<b>Current Liabilities</b>			
Payables	14	68,073	59,304
Interest bearing liabilities	15	20,001	25,522
Current tax liabilities		7,437	8,847
Provisions	16	15,817	14,725
Other	17	15,345	13,847
<b>Total current liabilities</b>		126,673	122,245
<b>Non-Current Liabilities</b>			
Payables	14	9,692	4,702
Interest bearing liabilities	15	183,531	211,307
Deferred tax liabilities		9,102	9,516
Provisions	16	14,670	20,569
Other	17	5,652	6,400
<b>Total non-current liabilities</b>		222,647	252,494
<b>Total liabilities</b>		349,320	374,739
<b>Net assets</b>		402,146	370,120
<b>Equity</b>			
Contributed equity	18	91,083	89,311
Reserves	19	88,263	90,117
Retained earnings	20	222,656	190,597
<b>Total parent equity interest</b>		402,002	370,025
<b>Outside equity interest</b>		144	95
<b>Total equity</b>		402,146	370,120

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 2004**

	<b>Consolidated</b>	
	<b>December</b>	<b>December</b>
	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	338,172	198,675
Cash payments in the course of operations	(312,028)	(179,275)
Dividends received	979	421
Interest received	556	332
Distributions from partnerships and associates	21,783	9,037
Other revenue	13,073	11,483
Borrowing costs paid	(7,319)	(6,285)
Income taxes paid	(13,400)	(6,440)
<b>Net cash provided by operating activities</b>	<b>41,816</b>	<b>27,948</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments	3,429	852
Proceeds from disposal of property, plant and equipment	2,261	-
Payments for property, plant and equipment	(6,366)	(12,937)
Net cash received on acquisition of controlled entity (net of acquisition costs)	6,378	5,946
Payments for increase in investments in associates, partnerships and unit trusts	(1,000)	(9,999)
Decrease/(increase) in loans to other entities	-	(8,107)
Decrease in loans to associates and partnerships	1,149	12,696
<b>Net cash provided/(used) in investing activities</b>	<b>5,851</b>	<b>(11,549)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	20,755	5,891
Repayment of borrowings	(48,343)	(15,195)
Dividends paid	(8,737)	(8,113)
Proceeds on conversion of employee options	1,772	-
<b>Net cash used by financing activities</b>	<b>(34,553)</b>	<b>(17,417)</b>
Net increase/(decrease) in cash held	13,114	(1,018)
Effect of exchange rate fluctuation on the balances of cash held in foreign currencies	11	(127)
Cash at the beginning of the financial period	25,470	15,739
<b>Cash at the end of the financial period</b>	<b>38,595</b>	<b>14,594</b>

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

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

**NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**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 2004 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 2004 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.

	<b>Consolidated</b>	
	<b>December</b>	<b>December</b>
	<b>2004</b>	<b>2003</b>
	<b>\$000</b>	<b>\$000</b>

**NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES**

**Revenue from operating activities**

Sale of goods (see below)	92,766	64,832
Rendering of services (see below)	229,890	120,012
	322,656	184,844

**Other revenue from operating activities**

Dividends received or due and receivable	453	421
Interest received or due and receivable	1,359	1,025
Management fees received or due and receivable	7,862	6,375
Rental income	4,486	3,421
Advertising rebates	572	979
Sundry revenue	153	678
	14,885	12,899

**Revenue from outside operating activities**

Gross proceeds from sale of non-current assets	5,690	852
	343,231	198,595

Total revenues from sales of goods and 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 \$297,260,000 for the half-year to 31 December 2003, to \$437,817,000 for the half-year to 31 December 2004.

Revenue was impacted by the increase in ownership interest in the German cinema operations of Greater Union Filmpalast GmbH (formerly Kieft & Kieft Filmtheater GmbH) on 2 December 2003 and Neue Filmpalast GmbH & Co. KG on 1 September 2004 (refer to Note 24).

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

Consolidated	
December	December
2004	2003
\$000	\$000

**NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES**

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- (a) Profit from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:

Cost of goods sold	23,458	19,403
Net gain on sale of investments	(2,844)	(506)
Net (gain)/loss on sale of property, plant and equipment	(528)	113

- (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:

Profit on sale of investments in listed company	(2,844)	–
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**Unusual items in equity accounted results**

Share of write-downs of non-current assets of Greater Union Filmpalast GmbH (formerly Kieft & Kieft Filmtheater GmbH) - refer Note 21(f)

	–	10,961
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Total unusual items	(2,844)	10,961
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- (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 2005 have largely been earned in the half-year to 31 December 2004.

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AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

**NOTE 4 – 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:					
<b>2004</b>					
Final 2004 dividend paid	7.0	<u>8,737</u>	22 September 2004	30%	100%
<b>2003</b>					
Final 2003 dividend paid	6.5	<u>8,113</u>	18 September 2003	30%	100%

**Subsequent events**

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

Interim	7.0	<u>8,792</u>	10 March 2005	30%	100%
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The financial effect of the dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2004 and will be recognised in subsequent financial reports.

**Franking Credits**

The balance of franking credits available to Amalgamated Holdings Limited at 31 December 2004 is approximately \$94,468,000 million.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	December 2004 \$000	December 2003 \$000
<b>NOTE 5 – TAXATION</b>		
Operating profit before tax	51,600	25,596
Prima facie income tax expense calculated at 30% on the operating profit	(15,480)	(7,679)
Increase in income tax due to:		
- Depreciation and amortisation not deductible	(916)	(931)
- Share of associates' net loss	–	(1,635)
- Tax losses in overseas entities not recognised	(44)	–
- Sundry items	(248)	(77)
	(1,208)	(2,643)
Decrease in income tax due to:		
- Franking credits on dividends received	194	180
- Capital profits offset by capital losses	1,007	67
- Share of associates' net profit	3,889	–
- Tax depreciation on building devaluation decrement	147	146
- Tax benefit of losses not previously brought to account	1,234	1,406
	6,471	1,799
Income tax expense on operating profit	(10,217)	(8,523)
Less: Income tax (under)/over provided in prior year	(217)	274
Adjustment to prior years tax on distributions from an associated entity	(321)	–
Income tax expense	(10,755)	(8,249)

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	December 2004 \$000	June 2004 \$000
<b>NOTE 6 – RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	25,307	17,728
Less: Provision for doubtful trade debtors	(5,447)	(1,342)
	19,860	16,386
Other debtors	8,638	8,822
Loans to associates	609	5,520
Less: Provision against recovery	–	(2,962)
	609	2,558
Loans to partnerships	1,643	381
Short-term deposits	155	165
	30,905	28,312
<b>Non-current</b>		
Deferred consideration receivable	30,394	29,431
Loans to associates	143	143
Loans provided under employee share plan	1,691	1,725
	32,228	31,299

**NOTE 7 – INVENTORIES**

At cost:		
Raw materials and stores	4,657	4,659
Work in progress	3,026	2,087
Finished goods	5,170	5,950
	12,853	12,696

**NOTE 8 – OTHER CURRENT ASSETS**

Prepayments	3,621	3,852
Deferred borrowing costs – net	378	334
Construction rights – net	246	246
Property, plant and equipment held for sale	–	1,474
Sundry	462	242
	4,707	6,148

**NOTE 9 – OTHER FINANCIAL ASSETS**

<b>Non-current</b>		
<b>Investments in other companies</b>		
At cost:		
Unquoted	1,873	1,838
Quoted	11,524	12,107
	13,397	13,945

**Option granted over shares in quoted company**

During the financial period 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 within the period to 31 December 2005. The option price per share is the higher of a set amount or an average of the market value for the prior 30 days trading. A potential gain on disposal of \$4,180,000 would be recognised in the Statement of Financial Performance if and when the option is exercised at the set minimum option price.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

<b>NOTE 10 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>	Consolidated	
	December 2004 \$000	June 2004 \$000
Associates (refer to Note 21)	52,631	55,869
Partnerships (refer to Note 22)	118,268	116,363
	170,899	172,232
<b>NOTE 11 – PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Freehold land and buildings</b>		
At cost	247,494	246,778
Less: Accumulated depreciation	(41,485)	(40,013)
	206,009	206,765
<b>Land subject to long-term lease</b>		
At cost	56	56
At cost and subject to long term finance lease	8,032	8,097
	8,088	8,153
<b>Buildings and improvements subject to long-term leases</b>		
At cost	77,776	73,047
At cost and subject to long-term finance lease	25,945	28,661
Less: Accumulated amortisation	(33,927)	(30,992)
	69,794	70,716
<b>Capital works in progress</b>		
At cost	2,093	1,126
<b>Plant and equipment</b>		
At cost	342,068	336,538
Less: Accumulated depreciation	(219,154)	(207,140)
	122,914	129,398
<b>Leased plant and equipment</b>		
At capitalised cost	84	83
Less: Accumulated amortisation	(84)	(74)
	-	9
 <b>Total property, plant and equipment at net book value</b>	 408,898	 416,167

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

	Consolidated	
	December	June
<b>NOTE 12 – INTANGIBLE ASSETS</b>	<b>2004</b>	<b>2004</b>
	<b>\$000</b>	<b>\$000</b>
Goodwill – at cost	24,988	24,988
Less: Accumulated amortisation	(13,085)	(12,443)
	11,903	12,545
Liquor licences – at cost	263	263
	12,166	12,808

**NOTE 13 – OTHER NON-CURRENT ASSETS**

<b>Current</b>		
Construction rights – net	1,395	1,395
Deferred borrowing costs – net	567	669
Security deposits in respect of long-term operating leases	8,900	8,490
Wildlife	640	640
Sundry	233	270
	11,735	11,464

**NOTE 14 – PAYABLES**

<b>Current</b>		
Trade creditors	24,470	21,549
Other creditors and accruals	39,516	35,608
Loans from associates	798	935
Loans from other companies	3,289	1,212
	68,073	59,304
<b>Non-current</b>		
Loans from associates	161	161
Loans from other companies	9,531	4,541
	9,692	4,702

**NOTE 15 – INTEREST BEARING LIABILITIES**

<b>Current</b>		
Bank loans – secured (refer below)	9,085	16,932
Loans from associates – unsecured	7,500	–
Loans from other companies – unsecured	1,886	7,089
Lease liabilities – secured	1,530	1,501
	20,001	25,522
<b>Non-current</b>		
Bank loans – secured (refer below)	157,571	184,461
Lease liabilities – secured	25,960	26,846
	183,531	211,307

**Financing Arrangements**

**Bank Facilities – secured under Common Security Deed**

The consolidated entity facilities comprise of an A\$202,785,000 Syndicated Multi-currency loan facility and NZ\$23,800,000 facility, both maturing on 9 July 2007. The consolidated entity also has Australian dollar working capital facilities which include bank overdraft, cash advance and bank guarantee facilities totalling A\$25,000,000; a NZ\$250,000 cash advance facility; and a Euro dollar Letter of Credit facility for EUR6,000,000. All these facilities are secured by guarantees from Group entities defined under a Common Security Deed executed in July 2001, amended and restated in June 2004.

**Bank Facilities – secured ‘other’**

In addition to the above facilities, Greater Union Filmpalast GmbH, a wholly owned subsidiary, has a EUR6,000,000 working capital facility (secured by the Euro dollar Letter of Credit facility mentioned above); a further EUR5,000,000 working capital facility which is supported by AHL; and other Club Bank facilities secured by a charge over cinema equipment and fit-out. Greater Union Filmpalast GmbH has bank loans outstanding of A\$9,085,000 (30 June 2004: A\$16,932,000). This amount is required to be amortised by equal monthly repayment instalments over the period to 30 June 2005.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	December	June
	2004	2004
	\$000	\$000
<b>NOTE 16 – PROVISIONS</b>		
<b>Current</b>		
Employee benefits	9,341	8,911
Onerous contracts	3,182	2,325
Insurance loss contingencies and other claims	3,294	3,489
	15,817	14,725
<b>Non-current</b>		
Employee benefits	1,778	2,141
Onerous contracts	12,064	14,078
Insurance loss contingencies and other claims	268	1,870
Support of related entities	560	2,480
	14,670	20,569

**NOTE 17 – OTHER LIABILITIES**

<b>Current</b>		
Deferred revenue	15,345	13,847
<b>Non-current</b>		
Deferred revenue	5,652	6,400

**NOTE 18 – CONTRIBUTED EQUITY**

<b>Issued and paid-up capital</b>		
125,597,942 (June 2004: 124,814,442) ordinary shares fully paid	91,083	89,311

During the half-year Amalgamated Holdings Limited issued:

- (i) 175,000 ordinary shares on the conversion of options granted under the Management Share Option Plan on 30 October 2000 at an exercise price of \$2.27.
- (ii) 608,500 ordinary shares on the conversion of options granted under the Management Share Option Plan on 5 February 2002 at an exercise price of \$2.26.

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

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**NOTE 18 – CONTRIBUTED EQUITY (continued)**

**Management share option plan**

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
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During the period the following management share plan options were issued:

16 September 2004	30 September 2008	\$3.72	250,000
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Unissued ordinary shares of the Company under option are:

30 October 2000	30 October 2005	\$2.27	225,000
5 February 2002	30 September 2006	\$2.26	619,000
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
11 December 2003	30 September 2008	\$3.35	1,897,500
17 June 2004	30 September 2008	\$3.14	50,000
16 September 2004	30 September 2008	\$3.72	250,000

No options expired during the half-year, or prior year.

Consolidated

December 2004 \$000	June 2004 \$000
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**NOTE 19 – RESERVES**

Asset revaluation	10,847	10,847
Asset realisation	81,750	81,750
General	735	735
Foreign currency translation	(5,069)	(3,215)
	88,263	90,117

December 2004 \$000	December 2003 \$000
---------------------------	---------------------------

**NOTE 20 – RETAINED EARNINGS**

Retained earnings at the beginning of the period	190,597	237,367
Net profit attributable to members of the parent entity	40,796	17,347
	231,393	254,714
Dividends recognised during the period	(8,737)	(8,113)
Retained earnings at the end of the period	222,656	246,601

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
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**NOTE 21 – INVESTMENTS IN ASSOCIATES**

Details of investments in associates are as follows:

Name	Principal Activities	Class of Share	Interest		Investment carrying amount		Contribution to operating profit		
			December 2004 %	June 2004 %	December 2004 \$000	June 2004 \$000	December 2004 \$000	June 2004 \$000	
Atlab Holdings Pty Limited	Multi copy film release printing and post production facility	Ord	50	50	(d) 73	(d)	1,212	962	1,259
Cinema Developments Pty Ltd	Investor	Ord	50	50	--	--	--	--	--
Cinesound Movielone Productions Pty Ltd	Film owner and distributor	Ord	50	50	123	101	22	7	20
Cinestar Sp. Z.o.o.	Film exhibitor	Ord	50	50	--	--	--	--	--
Greater Union Kieft BV	Film exhibitor	Ord	50	50	1,205	1,154	66	211	121
Hindmarsh Square Entertainments Pty Ltd	Property owner and film exhibitor	Ord	50	50	956	1,061	(96)	(169)	(170)
Greater Union Filmpalast GmbH	Film exhibitor	Ord	(e)	(e)	--	(e) --	--	(f) (18,735)	(f) (23,934)
MAF Greater Union LLC	Film exhibitor	Ord	49	49	9,381	10,386	1,125	686	1,382
Roadshow Distributors Pty Ltd	Film distributor	Ord	50	50	37,994	(h) 40,423	9,946	9,610	15,917
Val Morgan Holdings Pty Limited	Screen Advertising	Ord	--	(g)	--	(g) --	--	1,815	2,815
Village Drive-In (Essendon) Pty Ltd	Investor	Group A ord	50	50	--	--	--	--	--
Village Roadshow Netherlands BV	Film distributor	Ord	50	50	201	49	164	(22)	(31)
Filmpalast an ZKM Karlsruhe GmbH	Film exhibitor	Ord	50	50	2,698	2,695	526	185	563
					52,631	55,869	12,965	(5,450)	(2,058)

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
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**NOTE 21 – INVESTMENTS IN ASSOCIATES (continued)**

**Notes:**

- a) Dividends and distributions received from associates for the half-year ended 31 December 2004 by the consolidated entity amount to \$12,221,000 (2003: \$Nil).
- b) Cinestar Sp.Z.o.o and MAF Greater Union LLC were incorporated in Poland and the United Arab Emirates respectively. Greater Union Filmpalast GmbH and Filmpalast an ZKM Karlsruhe GmbH were incorporated in Germany. 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) Allab Holdings Pty Limited ("Allab") became an associate on 9 September 2002. Allab had negative assets, for which a provision for support had been raised in respect of the consolidated entity's share of these negative net assets. This provision was reversed as profits were generated by Allab.
- e) Greater Union Filmpalast GmbH (formerly Kieft & Kieft Filmtheater GmbH) became a wholly owned subsidiary on 2 December 2003. Refer Note 24.
- f) For the year ended 30 June 2004 the loss recorded for Greater Union Filmpalast GmbH included 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 \$15,232,000 (31 December 2003: \$10,961,000), 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 were consolidated from 2 December 2003.
- g) The investment in Val Morgan Holdings Pty Limited was sold on 12 March 2004.
- h) Roadshow Television Unit Trust was merged into Roadshow Distributors Pty Ltd (refer Note 22) as at 29 June 2004.

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
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**NOTE 22 – INVESTMENTS IN PARTNERSHIPS AND UNIT TRUSTS**

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

Name	Principal activities	Nature of interest	Profit share		Investment carrying amount		Contribution to operating profit		
			December 2004	June 2004	December 2004	June 2004	December 2004	December 2003	June 2004
			%	%	\$000	\$000	\$000	\$000	\$000
<b>(i) Partnerships</b>									
Arndale Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(g)	50	(g)	11,729	(g)	719	1,876
Australian Theatres Joint Venture	Owner and operator of multiscreen cinema complexes	Share of partnership assets	50	50	(g) 91,561	74,001	(g) 7,992	6,522	(f) 14,204
Broadway Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	6,183	6,069	463	735	1,071
Browns Plains Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	239	240	39	24	85
Castle Hill Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	4,235	4,298	627	582	1,345
Casuarina Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	6,870	7,062	607	547	1,621
Fountaingate Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(g)	50	(g)	3,606	(g)	181	267
Garden City Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	2,316	2,195	361	430	942
Geelong Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(d) 50	50	(422)	(351)	(71)	(38)	178
Jam Factory Cinema Operations Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,278	1,265	13	(21)	299
Jam Factory Shopping Centre Partnership	Property investor	Share of partnership assets	(d) 50	50	-	-	-	-	(310)
Movieline Partnership	Owner and operator of a cinema ticketing service	Share of partnership assets	33	33	-	-	-	(119)	(207)
Neue Filmplast GmbH & Co KG	Film exhibitor	Share of assets in limited partnership	(c)	50	(c)	(h) -	(463)	399	(1,659)
Perth Cinecentre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	45	45	230	108	67	(107)	(96)
Piccadilly Cinema	Owner and operator of a multiscreen cinema complex	Share of partnership assets	30	30	664	675	53	79	117
					113,154	110,897	9,688	9,933	19,733

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTE 22 – INVESTMENTS IN PARTNERSHIPS AND UNIT TRUSTS**  
**(continued)**

Name	Principal activities	Nature of interest	Profit share		Investment carrying amount		Contribution to operating profit		
			December 2004 %	June 2004 %	December 2004 \$000	June 2004 \$000	December 2003 \$000	June 2004 \$000	
Shellharbour Cinema Partnership	Carried forward				113,154	110,897	9,688	9,933	19,733
	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	133	174	35	60	113
Southbank Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	--	(d) 50	--	--	--	(25)	(197)
Southport 6 Cinemas	Operator of a multiscreen cinema complex	Share of partnership assets	(b) 51	(b) 51	890	1,014	186	140	395
Toowoomba Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,542	1,639	207	160	461
Village Greater Union Parramatta Partnership	Operator of multiscreen cinema complexes	Share of partnership assets	(d) 50	50	2,549	2,639	(90)	(123)	(179)
					118,268	116,363	10,026	10,145	20,326
<b>(ii) Trusts</b>									
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	--	(e)	(e)	(e)	--	150	1,232
					--	--	--	150	1,232

**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) Neue Filmpalast GmbH & Co KG became wholly owned on 1 September 2004. Refer Note 24.
- d) Provision for diminution in the value of the investment carrying amount has been raised against this entity in prior years.
- e) Roadshow Television Unit Trust was merged into Roadshow Distributors Pty Ltd (refer Note 21) as at 29 June 2004.
- f) 2004 profit includes the consolidated entity's share, amounting to \$1,509,000, of a provision for cinema site lease terminations.
- g) Partnership transferred to Australian Theatres Joint Venture on 1 July 2004.
- h) Prior to 1 September 2004 (refer Note 24) Neue Filmpalast GmbH & Co KG had negative assets, for which a provision for support had been raised in respect of the consolidated entity's share of these negative net assets.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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NOTE 23 – 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 2004									
Segment revenue	52,791*	165,460*	6,709	49,344	40,019	18,830	-	4,838	337,991
Other unallocated revenue									5,240
<b>Total revenue</b>									<b>343,231</b>
Segment result before share of associates results	6,229	5,338#	(36)	8,796	15,090	(191)	-	916	36,142
Share of net profit of equity accounted business undertakings	10,393	1,254	1,234	-	-	-	10,110	-	22,991
Unallocated revenues and expenses	16,622	6,592	1,198	8,796	15,090	(191)	10,110	916	59,133
Unusual items									(4,229)
Interest (net)									2,844
Profit from ordinary activities before related income tax expense									(6,148)
									(51,600)

\* 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 \$52,791,000 to \$139,266,000 and Cinema Exhibition International revenue would increase from \$165,460,000 to \$173,571,000. Revenue of the Cinema Exhibition International segment was impacted by the increase in ownership interest of Greater Union Filmpalast GmbH (formerly Kieft & Kieft Filmtheater GmbH) on 2 December 2003 and Neue Filmpalast GmbH & Co. KG on 1 September 2004 (refer to Note 24).

# Amount includes the results of Neue Filmpalast GmbH & Co KG since 1 September 2004.

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTE 23 – 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
<b>Primary reporting – Business Segments</b>									
<b>31 December 2003</b>									
Segment revenue	54,032*	30,072	5,673	48,114	37,097	18,221	–	3,313	196,522
Other unallocated revenue									2,073
<b>Total Revenue</b>									<b>198,595</b>
Segment result before share of associates results	4,377	3,728#	(14)	8,566	12,521	184	–	334	29,696
Share of net profit/(loss) of equity accounted business undertakings	9,787	(6,293)	969	–	–	–	11,343	–	15,806
Share of associates' unusual items	–	(10,961)	–	–	–	–	–	–	(10,961)
Unallocated revenues and expenses	14,164	(13,526)	955	8,566	12,521	184	11,343	334	34,541
Interest (net)									(3,709)
<b>Profit from ordinary activities before related income tax expense</b>									<b>(5,236)</b>
									<b>25,596</b>

\* 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 \$138,892,000 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 Greater Union Filmpalast GmbH (refer to Note 24).

# Amount includes profits derived by Greater Union Filmpalast GmbH since 2 December 2003 and overhead expenses relating to the international operations for the half-year period.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**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 United Arab Emirates.
- **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 Atfab 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 and the Roadshow Television Unit Trust.
- **Other**  
Includes property rental and sale of surplus property.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
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**NOTE 24 – CHANGES IN COMPOSITION OF THE ENTITY**

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

**Acquisition**

**31 December 2004**

Effective on 1 September 2004, the company entered into an agreement to acquire the remaining 50% interest in Neue Filmpalast GmbH & Co. KG., thereby taking the consolidated entity's interest in Neue Filmpalast GmbH & Co. KG. to 100%.

Prior to 1 September 2004, the consolidated entity had equity accounted the results of Neue Filmpalast GmbH & Co. KG. From 1 September 2004 the results and balances of Neue Filmpalast GmbH & Co. KG have been consolidated.

Name	Date Acquired	Consolidated entity's interest %	Consideration \$'000
Neue Filmpalast GmbH & Co. KG	1 September 2004	100	39

Contribution of Neue Filmpalast GmbH & Co. KG., including its controlled and associated entities, to revenue and consolidated net profit for the half-year 31 December 2004 was as follows:

<b>Revenue</b>	<b>\$000</b>
Contribution prior to 1 September 2004	—
Contribution after 1 September 2004	<u>26,277</u>
<b>Net profit / (loss)</b>	
Contribution prior to 1 September 2004	(463)
Contribution after 1 September 2004	<u>(1,426)</u>

As a result of Neue Filmpalast GmbH & Co. KG becoming a wholly owned subsidiary, the following entities are now recognised as wholly owned group entities from 1 September 2004:

Onex Kinos GmbH; and  
 Neue Filmpalast Administration GmbH.

**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**NOTE 24 – CHANGES IN COMPOSITION OF THE ENTITY (continued)**

**31 December 2003**

Effective on 2 December 2003, the consolidated entity completed an agreement with Marlis Kieft and Heiner Kieft to acquire their 50% shareholding in Greater Union Filmpalast GmbH (formerly 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 Greater Union Filmpalast GmbH. From 2 December 2003 the results and balances of Greater Union Filmpalast GmbH have been consolidated.

Name	Date Acquired	Consolidated entity's interest %	Consideration* \$'000
Greater Union Filmpalast GmbH	2 December 2003	100	12,480

\* Also refer to Note 27.

As reported at 30 June 2004, under the terms of the Share Purchase Agreement for Greater Union Filmpalast GmbH the vendors are entitled to incentive payments over a three-year term and a final payment at the end of 31 December 2006 calendar year if certain trading cash flow performance conditions are met. Any final payment after three years is dependent on a multiple of trading cash flow (before interest and tax) for the calendar year 2006, less financial debt of the business, exceeding an agreed amount. The current trading performance of the business is not at a level that would give rise to a final payment that is material.

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

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

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

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**NOTE 24 – CHANGES IN COMPOSITION OF THE ENTITY (continued)**

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**Disposal**

**31 December 2004**

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

**31 December 2003**

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

**NOTE 25 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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There have been no material changes in contingent liabilities or contingent assets since 30 June 2004.

**NOTE 26 – EVENT SUBSEQUENT TO REPORTING DATE**

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For interim dividends declared after 31 December 2004 see Note 4.

**NOTE 27 – NON-CASH INVESTING ACTIVITIES**

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**31 December 2004**

There were no significant non-cash investing activities during the half-year period.

**31 December 2003**

On 2 December 2003, the consolidated entity entered into an agreement with Marlis Kieft and Heiner Kieft to acquire their 50% shareholding in Greater Union Filmpalast GmbH, thereby taking the consolidated entity's interest in Greater Union Filmpalast 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 24.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**NOTE 28 – FUTURE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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For the reporting period beginning 1 July 2005, the consolidated entity will have to comply with International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board ("AASB").

The AASB have issued Australian equivalent IFRS standards ("AIFRSs"). The adoption of AIFRSs will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company has established a project team to manage the transition to AIFRSs and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The responsibilities of the project team include the training of staff and the implementation of system changes required to gather all the required financial information to meet new reporting requirements. It is also the responsibility of the project team to prepare, continually review and update a conversion plan that addresses changes to accounting policies, accounting policy guides, reporting structures, disclosure requirements, systems and business processes. The project team is chaired by the Director Finance & Accounting and reports quarterly to the Audit Committee. The project team has prepared a detailed timetable for managing the transition to AIFRSs. An identification of the key differences in accounting policies and disclosure that are expected to arise from the adoption of AIFRSs has been completed.

The design and implementation phases of this project are planned to be substantially complete by 30 June 2005. These AIFRS project phases incorporate:

- revising accounting policies, accounting policy guides and procedures for compliance with AIFRSs;
- determination of the financial impacts as at the transition date and for the comparative reporting period prior to adoption of AIFRSs;
- developing revised AIFRS financial report disclosures;
- revising accounting procedures, business processes and systems to support AIFRS reporting obligations as required; and
- finalising training programs for applicable staff.

This financial report has been prepared in accordance with current Australian Accounting Standards and other financial reporting requirements ("Australian GAAP"). Those differences between Australian GAAP and AIFRSs that have been identified as potentially having an effect on the consolidated entity's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between the Australian GAAP and AIFRSs. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not yet completed a detailed final quantification of the effects of the differences discussed below. Where AIFRSs provide a choice of accounting policies or transitional elections under AASB1 *First Time Adoption of Australian Equivalent to International Financial Reporting Standards*, the impact of the alternative treatments has been considered. Initial assessments made in respect of the transition to AIFRSs may require adjustment before inclusion in the first complete annual/half year financial report prepared in accordance with AIFRSs due to new or revised standards or interpretations, changes in the operations of businesses, or additional guidance on the application of AIFRSs or for particular transactions. The impact on financial report balances for future years will also depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to AIFRSs on the consolidated entity are as follows:

***Intangible assets – goodwill***

Under AASB 3 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the discounted future cash flows of the related cash-generating unit. This will result in a change to the consolidated entity's current accounting policy, under which goodwill is amortised on a straight-line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

As at 31 December 2004 the consolidated entity had unamortised goodwill on its Statement of Financial Position of \$11,903,000 (June 2004 \$12,545,000). In addition to this amount, as at 31 December 2004, there was unamortised "notional" goodwill relating to equity accounted investments in associated and partnerships amount to \$39,570,000 (June 2004 \$40,616,000).

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
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**NOTE 28 – FUTURE ADOPTION OF INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (continued)**

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***Impairment of assets***

Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price (fair value less costs to sell) and value in use. The "value in use" is required to be determined using discounted projected future cash flows and impairment will be assessed for the individual asset or at the "cash-generating unit" level. A "cash-generating unit" is defined as "the smallest identifiable group of assets that generates cash flows which are largely independent of the cash inflows from other assets or group of assets". Also the cash flows must be estimated for the asset or cash-generating unit in its current condition and therefore does not include cash inflows and outflows expected to arise from future restructurings which are not yet committed, or improving or enhancing the asset's performance. This will result in a change in the consolidated entity's current accounting policy, which determines the recoverable amount of an asset on the basis of undiscounted future projected cash flows. Under these new impairment assessment requirements it is possible that impairment of assets will be recognised sooner. An adjustment to the carrying value of an asset deemed to be impaired will reduce the on-going depreciation charge.

***Share-based payments***

Under AASB 2 *Share-based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise that value as an expense, over the vesting period, in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity-based remuneration. It applies to all share-based payments issued after 7 November 2002, which have not vested as at 1 January 2005.

Options over ordinary shares issued under the management share option plan are disclosed in Note 18 to this financial report.

***Investments in associates and joint ventures***

Under AASB 128 *Investment in Associates* and AASB 131 *Interest in Joint Ventures* the equity accounting method will be required to be used. This is consistent with the current method used by the consolidated entity. In determining the carrying value of investments under IFRS an AIFRSs "notional" balance sheet for the associate or joint venture, at the date of transition, will be required to be prepared. This could result in adjustments to the carrying value of interests in associates and joint ventures.

As noted above, amortisation of "notional" goodwill arising in the associate or joint venture in applying the equity accounting method will not be amortised and will be replaced by an annual impairment test.

***Financial instruments***

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories, which will, in turn, determine the accounting treatment of the item. The classifications are: "loans and receivables" – measured at amortised cost; "held to maturity" – measured at amortised cost; "held for trading" – measured at fair value with fair value changes charged to net profit or loss; "available for sale" – measured at fair value with fair value changes taken to equity; and "non-trading liabilities" – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on the Statement of Financial Position.

Investments held in shares quoted on the Stock Exchange may be classified as "available for sale" financial assets. As stated above, "available for sale" assets are measured at fair value and changes in the fair value are recognised directly in equity, through the statement of change in equity. The cumulative gain or loss that has been recognised in equity is recognised in the reported profit or loss when an "available for sale" financial asset is sold.

The consolidated entity also has a number of hedging instruments in place to manage interest rate exposures and may from time to time have hedging instruments in place to manage exchange rate exposures.

AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first IFRS comparative year and first-time adoption of this standard will apply from 1 July 2005.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

**NOTE 28 – FUTURE ADOPTION OF INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (continued)**

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***Financial instruments (continued)***

As from 1 July 2005 the impact of this change will be to increase total assets in respect of financial assets required to be measured at fair value and increase total assets and total liabilities due to the recognition of hedge instruments and related debt at fair values in the Statement of Financial Position. In addition any portion of hedges deemed to be ineffective will be recognised in the Statement of Financial Performance, potentially increasing volatility of the reported profit.

***Investment properties***

Under AASB 140 *Investment Property*, an entity must choose to apply either the fair value basis or the cost basis as its accounting policy in respect of investment property and must apply that policy to all of its investment property. An investment property is a property held to earn rentals or for capital appreciation or both. If investment properties are measured at fair value, gains or losses arising from changes in fair value on the investment properties are recognised in the results for the period in which they arise. Owner occupied properties may be classified as investment properties if owner occupation is deemed "insignificant". The consolidated entity has a small number of freehold buildings that would fall within the definition of an investment property.

***Income tax***

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Statement of Financial Position and their associated tax bases. In addition, where current and deferred taxes are attributable to amounts recognised directly in equity, these tax balances are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

***Foreign currency translation***

Under AASB1012 *Foreign Currency Translation*, exchange rate differences in relation to foreign operations are recognised as a separate component of equity. Should a foreign operation be disposed of, any accumulated translation difference must be recognised in the Statement of Financial Performance. This differs from current accounting standards, which require any accumulated translation difference to be transferred to retained earnings on disposal of a foreign operation.

Under AIFRS transitional provisions the consolidated entity can take advantage of an election in AASB1 and reset the balance of the foreign currency translation reserve to \$nil, with the balance being adjusted against retained earnings as at the transition date.

***Fixed assets – Provision for future restoration costs***

AASB116 *Property, Plant and Equipment* provides that the cost recognised for an item of property, plant and equipment should include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. This accounting standard requires that, if an obligation exists, a provision for the future liability for dismantling and removal of plant and equipment be raised on acquisition with a corresponding amount being capitalised and depreciated over the life of the plant and equipment. The future liability is required to be discounted to a present value with the discount amount unwinding over the life of the asset as an expense. The consolidated entity has a large number of cinema sites which are located in premises subject to long-term leases. Certain of these leases have obligations to "make-good" the site at the end of the lease term. It is currently the policy of the consolidated entity to only provide for dismantling and removal costs when the future expense is probable and can be reliably estimated.

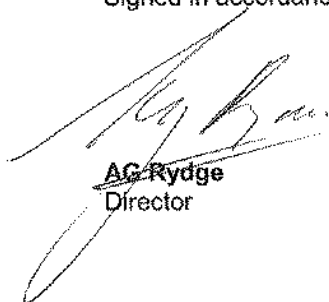
**AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' DECLARATION**

In the opinion of the Directors of Amalgamated Holdings Limited:

1. The financial statements and notes set out on pages 6 to 30, 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 2004 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 17<sup>th</sup> day of February 2005.

Signed in accordance with a resolution of the Directors:



**AC Rydge**  
Director



**DC Seargeant**  
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 2004. 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.

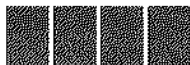
**Statement**

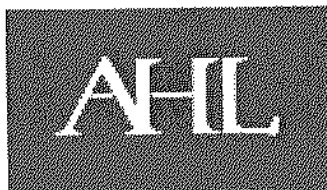
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Amalgamated Holdings Limited is not in accordance with:

- a) the Corporations Act 2001, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 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  
Sydney  
17 February 2005

A Walsh  
Partner





## REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

### CONSOLIDATED GROUP RESULT

	<u>2004</u> <u>\$'000s</u>	<u>2003</u> <u>\$'000s</u>
Operating profit before unusual items and income tax	48,756	36,557
Unusual Items:		
Write down in carrying value of assets in Kieft & Kieft	-	(10,961)
Profit on sale of shares in listed company	2,844	-
	<u>2,844</u>	<u>(10,961)</u>
Operating profit before income tax expense	51,600	25,596
Income tax expense attributable to operating result	<u>(10,755)</u>	<u>(8,249)</u>
Profit after income tax expense	<u>40,845</u>	<u>17,347</u>
<i>Operating Revenue</i>		
Revenue from sales and services	322,656	184,844
Other revenue	14,885	13,751
	<u>343,231</u>	<u>198,595</u>

The half-year profit before unusual items and income tax represents an increase of \$12.2 million or 33.4% on the comparable previous half-year.

The strong result was driven by the significant improvement in the performance of our German cinema operation and the outstanding ski season at Thredbo. Further contributing to the result was the strong performance in the domestic cinema exhibition and hotels and resorts businesses.

Although the economic conditions in Germany remain depressed, the group benefited during the half-year period from strong product releases, which included a number of highly successful German films.

As announced on 15 September 2004 negotiations in relation to the restructure of Neue Filmpalast GmbH & Co. KG (NFP) were successfully concluded. This restructuring involved negotiated lease rental reductions for certain sites and the handing back to the landlords of other sites that were incurring losses.

It was further announced at that time that a wholly owned subsidiary, Greater Union Filmpalast GmbH (GUF), formerly know as Kieft & Kieft Filmtheater GmbH has entered into an agreement that resulted in the group increasing its interest in NFP from 50% to 100%. After this restructure the circuit operated by NFP comprised 21 sites with 129 screens.

The trading results of NFP have been fully consolidated from 1 September 2004 being the effective date of the agreement. In the prior half-year period the Group increased its interest in GUF from 50% to 100% effective from 2 December 2003, with 100% of the trading results of GUF being consolidated from that date.

Included in the result for the half-year is an abnormal profit on the sale of shares in a listed company of \$2.8m.

The outlook for the second half of the financial year remains positive for our Hotels & Resorts business. Our Cinema businesses in both Australia and Germany, however, will be impacted by difficult box office conditions in the early months of the 2005 calendar year with weaker film product available than the same period for the prior year. It should also be again noted that our half-year result to 31 December is impacted by the seasonal nature of our Thredbo business.

## REVIEW OF OPERATIONS

### Entertainment

#### *Australian Exhibition*

The first half of 2003/4 in Australian exhibition saw a continuation of the growth seen in the last several years. Total revenue from owned and managed sites was \$166m, an increase of 2.5% on the prior half-year with Box Office up 3.4% on the prior half-year. Merchandise revenue increased by 5.2% on the prior half-year.

According to industry figures, the combined market share of Greater Union and Birch, Carroll and Coyle was 31.8% for the 2004 calendar year, an increase of 0.8 points versus the prior year. Birch, Carroll and Coyle was the major contributor with a market share increase of 0.5 points.

*Shrek 2* was the strongest performing title in the first half, reaching \$50m at the Australian Box Office making it the highest grossing film for the calendar year. *Spiderman 2*, *Bridget Jones The Edge Of Reason* and *Shark Tale* were also strong Box Office contributors. The key Boxing Day release films *Meet The Fockers* and *The Incredibles* performed well, although their performance did not match *Lord Of The Rings – Return Of The King* in the previous year.

An 11-screen cinema complex was opened at Bondi Junction on 1 July 2004 with pleasing results in the first 6 months of trading. The food and beverage concept being trialled at Bondi has been successful and is expected to be expanded to other locations. A similar food and beverage concept was opened at Tuggerah, NSW in December and is trading successfully.

The highly successful Gold Class cinema concept was introduced at our flagship location at Marion, Adelaide in June with great success. Seven locations now offer Gold Class and the concept is expected to be expanded in the current year.

In December the Silverscreen cinema and bar was opened at Macquarie, Sydney. This new cinema concept provides a higher quality cinema experience than the traditional Senstadium auditorium and access to licensed bar facilities.

For the first time, all cinemas now offer Internet booking capability. Internet booking and other e-commerce strategies are expected to be growth drivers in the years to come.

Consistent with the previously announced policy of rationalising under performing locations, Double Bay cinema was closed during the half-year.

The second half of the year will be impacted by the relatively soft product line up. This will particularly affect the January - March quarter.

A new 11-screen complex is scheduled to open in May at Karingal, Victoria. The complex will be managed by our joint venture partners Village Cinemas.

#### *German Exhibition*

The trading result from our cinema exhibition circuit in Germany, now known as Greater Union Filmplatz, showed a marked improvement on that of the prior half-year. Admission levels for owned and managed sites were up by 7.5% on the prior half-year. An increase was also achieved in the average admission price. There were no further unusual write-downs during the half-year period.

This improved result was predominately due to stronger than expected admissions for several German films. Building on the back of international releases of *Shrek 2* and *Spiderman 2* were the highly successful German releases of *Traumshift Surprise*, *The Downfall*, and later in the year, *Seven Dwarfs*. Internationally, film product was weaker in December 2004 than the prior year with admissions below that normally achieved during the traditionally strong Christmas period. The 2004 calendar year showed an admissions growth of 4.2%, reversing the downward trend experienced in 2003.

As noted above, trading from 1 September 2004 includes a 100% interest in NFP. The results from the NFP circuit have improved due to the conclusion of negotiations with landlords involving either a handback of loss making sites or an adjustment to lease rental levels.

A 9-screen site at Konstanz (50% ownership interest) and a 10-screen site at Ingolstat were opened towards the end of the half-year period. An 8-screen site in Frankfurt was also taken over in December 2004.

On a consolidated basis, the Group now has an interest in 79 sites in Germany utilising 549 screens. The circuit operated by NFP is currently being rebranded to Cinestar, which will elevate the Cinestar brand to the dominant exhibition brand in the German market.

As in Australia the outlook for the second half appears soft and we are not at this stage expecting the success level of German product that we experienced in the first half.

#### *Middle East Exhibition*

The Middle East cinema business continued to enjoy strong trading with total revenue up 14% on the prior half-year. Revenue growth was driven by an increase in admissions of 10.2% on the prior half-year and merchandising revenue growth of 9.6%. Admission growth was achieved in all three cinemas. A new 14-screen complex at the Mall of the Emirates in Dubai is expected to open in the last calendar quarter of 2005.

#### *Netherlands Exhibition*

The performance of the Group's 33.3% interest in a 10-screen multiplex in the Netherlands continued at a satisfactory level.

## Entertainment Technology

The 50% owned Atlab group experienced strong earnings growth. This result was driven primarily by efficiency gains from the new Lane Cove laboratory and ongoing improvements to production processes and cost controls around the group.

Production volumes for feature film and trailer print duplication, the group's major revenue source, remained strong particularly for export sales. The commencement of principal photography on several new feature films in Australia and New Zealand has contributed to film processing and post-production revenue however volumes still remain at historically low levels.

Atlab completed a \$2.5million upgrade to its digital post-production facilities during the period which is expected to attract significant new sales servicing Australian and overseas productions.

Work has also commenced on the relocation of Atlab's second laboratory at Artarmon into the new Lane Cove complex. The integration of the laboratories is expected to yield significant cost savings.

The outlook for earnings is positive with continued operating efficiencies, additional digital postproduction revenue and savings from the integration of the Sydney laboratories.

Atlab Image and Sound Technology earnings were reduced as a result of a decline in cinema installation contracts during the first half, however a recovery during the second half is expected to generate increased profit over the full year.

The Filmlab group increased profit with orders for a major processor and several colour master units underpinned strong sales of spares and reduction in overhead costs.

## Strategic Investments

The AHL Group's share of earnings from Roadshow Distribution were higher than the prior half-year due to a continuing strong performance of the Entertainment division and an improved result from the Television division.

Results for Theatrical were below expectations due to the lower than expected performance of *Catwoman*, *Around the World in 80 Days* and *Laws of Attraction*. However, box office titles such as *Harry Potter and the Prisoner of Azkaban*, *Blade Trinity*, *Ocean's Twelve*, *The Grudge*, *The Notebook* and *Polar Express* performed strongly.

The Entertainment division's performance was driven through strong sales resulting from DVD back catalogue promotional campaigns in the lead up to Christmas with the *Lord of the Rings* trilogy, *Matrix* trilogy and ABC/BBC titles all selling well.

The performance of the Television division exceeded its prior period result due to the sale of strong performing box office titles such as *Lord Of The Rings - Fellowship Of The Ring* to Free to air television in addition to higher Pay TV revenues resulting from the better than expected growth in Pay TV subscribers.

For the second half of the year, the Theatrical division will benefit from revenues from stronger performing titles including *Million Dollar Baby*, *The Aviator*, *Constantine* and *Miss Congeniality 2: Armed and Fabulous*. The Entertainment division is expected to perform well in the second half of the year on the strength of continuing strong DVD sales.

## Hospitality and Leisure

Earnings before interest and tax for the Hospitality and Leisure division were up on the prior half-year by 11.4%.

The strength of the domestic economy, the continued focus on the domestic market and the improvements in international visitor arrivals have had a positive impact on a number of Hospitality and Leisure businesses including Rydges, Matilda Cruises and Featherdale Wildlife Park.

Rydges finished the half-year with occupancy and average rate ahead of the prior year. With no additions to supply, strong domestic and international markets and a focus on improving yield, Rydges expect to experience a further strengthening in performance in the next six months.

A focus going forward will be the promotion of the Rydges online booking engine – [www.rydges.com.au](http://www.rydges.com.au). The booking engine will make it easier for our customers to book at any Rydges hotel and ensure they access our best rates.

Rydges have also added a number of new management contracts to the portfolio of hotels including Rydges Preston in Melbourne added in November with Rydges Wollongong and Rydges Port Macquarie coming on line in February 2005.

Earnings from management fees are ahead of the prior year and will continue to grow with the addition of new management contracts.

Internationally Dubai, Doha, London and Thailand have all traded well. Rydges Phuket did not sustain any significant damage as a result of the Tsunami, however occupancy in the region will take some time to recover.

The Global Hotel Alliance (GHA) between Rydges Hotels and Resorts, Pan Pacific Hotels and Resorts in Asia, Kempinski Hotels and Resorts in Europe and Wyndham International Hotels in the USA has successfully completed its first year.

The alliance comprises over 235 Hotels in 58 Countries with more than 58,000 rooms.

The purpose of the GHA is to stimulate business by offering choice to our respective loyal customers, to build our brand internationally and to enable us to compete on a global scale. Progress to date is very pleasing.

Capital works included the continued refurbishment of guest rooms in Melbourne and Christchurch.

Thredbo earnings are up on the prior half-year by 20.5% with a record season in 2004.

This improvement can be attributed to good natural snow falls, great weather conditions, the successful marketing of the shoulder periods of the ski season with the "Kids stay free" program, maximizing yield per skier and very effective management of costs.

Matilda did show improvement over the prior half-year in scheduled cruises with the growth in the inbound market the main contributor. Charter business is in line with the prior half-year excluding business related to the 2003 World Cup Rugby.

The Pier 26 Café & Bar produced an excellent result and continues to trade well enjoying strong domestic and tourist support.

Featherdale Wildlife Park enjoyed growth in earnings on the prior half-year of some 417%. Strong international and domestic visitations and the closure of the Australia Wildlife Park being the primary contributing factors. Improvements have been made to the park with the enclosing and air-conditioning of the Drovers Hut and the addition of a Nocturnal exhibit.

The results for BlueRock were marginally behind the prior half-year.