AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN: 51 000 005 103

ASX HALF-YEAR INFORMATION 31 DECEMBER 2005

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 2005 Annual Report.

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

Appendix 4D

Half-Yearly Report

Results for announcement to the market

for the half-year ended 31 December 2005
(previous corresponding period: half-year ended 31 December 2004)

Key Information

				A'000
Revenues from ordinary activities	down	5.5%	to	308,924
Operating profit before individually significant items and income tax	down	8.2%	to	47,509
Individually significant items				2,429
Operating profit after individually significant and before income tax	down	8.5%		49,938
Income tax attributable to operating profit	down	9.1%	to	(9,092)
Operating profit after income tax				40,846
Discontinuing operations				(796)
Net profit attributable to minority interest				(40)
Net profit for the period attributable to members	down	8.2%	to	40,010

Dividends (distributions)			Amount per security	Franked amount per security
Final dividend	-	2005 (paid 22 September 2005)	11.5 ¢	11.5 ¢
Interim dividend	-	Current year	8.0 ¢	8.0 ¢
	-	Previous corresponding period	7.0 ¢	7.0 ¢

Record date for determining entitlements to the dividend	2 March 2006

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 2005	December 2004
Net tangible asset backing per ordinary share	$3.49	$3.29

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 re-investment 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 Australian Accounting Standards, the Corporations Act 2001 and other standards acceptable to ASX.

The Amalgamated Holdings Limited Financial Report for the financial half-year ended 31 December 2005 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

CONTENTS

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2005 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 RM Graham	Director since 1990
Mr TC Ford	Director since 1993
Mr AJ Clark *AM* (Chairman of Audit Committee)	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 16 February 2006 the Directors declared an interim dividend of $10,066,000 (8 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 2005.

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 16th day of February 2006.

Signed in accordance with a resolution of the Directors:

AG Rydge
Director

DC Seargeant
Director

KPMG

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 2005 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 16th day of February 2006

KPMG

KPMG

A Walsh
Partner

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 31 December 2005 $000	31 December 2004 $000
Revenue	2	308,924	326,813
Other income	2	4,885	3,597
Advertising, commissions and marketing expenses		(11,078)	(11,827)
Depreciation and amortisation expenses		(20,713)	(15,684)
Employee expenses		(70,859)	(72,110)
Film hire and other film expenses		(58,910)	(68,581)
Interest and borrowing costs		(5,931)	(8,093)
Occupancy expenses		(78,049)	(81,534)
Purchases and other direct expenses		(25,381)	(27,793)
Other expenses		(16,853)	(14,315)
Share of net profit accounted for using the equity method:			
Associates	22	15,307	13,055
Partnerships	23	8,596	11,073
Profit before income tax expense	3	49,938	54,601
Income tax expense	5	(9,092)	(10,006)
Profit for the period after income tax but before discontinued operations		40,846	44,595
Discontinued operations			
Loss after tax from discontinued operations	26	(796)	(959)
Net profit for period		40,050	43,636
Net profit attributable to minority interest		(40)	(49)
Net profit attributable to members of the parent entity		40,010	43,587
Earnings per share (cents per share)			
– basic from continuing operations		$0.325	$0.355
– basic from discontinued operations		$(0.006)	$(0.008)
– basic for the half-year		$0.319	$0.347
– diluted from continuing operations		$0.322	$0.353
– diluted from discontinued operations		$(0.006)	$(0.008)
– diluted for the half-year		$0.316	$0.345

The condensed income statement is to be read in conjunction with the notes to the half-year financial statements on pages 10 to 43.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	Consolidated 31 December 2005 $000	30 June 2005 $000
ASSETS			
Current Assets			
Cash assets		23,842	14,729
Receivables	6	55,509	44,049
Inventories	7	11,565	11,142
Property, plant and equipment held for sale	26	–	2,000
Other	8	3,667	3,049
Total current assets		94,583	74,969
Non-Current Assets			
Receivables	6	3,962	26,603
Other financial assets	9	1,870	1,836
Available-for-sale financial assets	10	34,869	35,863
Investments accounted for using the equity method	11	182,382	176,857
Property, plant and equipment	12	381,501	380,833
Properties held as investments	13	23,900	23,900
Goodwill and other intangible assets	14	15,054	14,432
Deferred tax assets		22,257	22,273
Other	15	7,684	7,731
Total non-current assets		673,479	690,328
Total assets		768,062	765,297
LIABILITIES			
Current Liabilities			
Payables	16	68,619	61,718
Interest bearing liabilities and borrowings	17	24,912	27,706
Current tax liabilities		4,343	7,869
Provisions	18	13,358	14,321
Other	19	20,638	16,497
Total current liabilities		131,870	128,111
Non-Current Liabilities			
Payables	16	161	161
Interest bearing liabilities and borrowings	17	144,004	170,526
Deferred tax liabilities		13,857	14,558
Provisions	18	18,565	19,623
Other	19	5,422	4,919
Total non-current liabilities		182,009	209,787
Total liabilities		313,879	337,898
Net assets		454,183	427,399
Equity			
Contributed equity	20	91,473	90,871
Reserves	21	104,651	103,896
Retained earnings		257,926	232,382
Total parent equity interest		454,050	427,149
Minority interests		133	250
Total equity		454,183	427,399

The condensed balance sheet is to be read in conjunction with the notes to the half-year financial statements on pages 10 to 43.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	31 December 2005 $000	31 December 2004 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	332,251	338,172
Cash payments in the course of operations	(289,491)	(312,028)
Dividends received	1,300	979
Interest received	404	556
Distributions from partnerships and associates	12,585	21,783
Other revenue	14,316	13,073
Borrowing costs paid	(5,379)	(7,319)
Income taxes paid	(12,954)	(13,400)
Net cash provided by operating activities	53,032	41,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	3,177	3,429
Proceeds from disposal of property, plant and equipment	1,436	2,261
Proceeds from disposal and restructure of certain cinema joint venture interests	10,955	–
Payments for property, plant and equipment	(19,371)	(6,366)
Net cash received on acquisition of controlled entity (net of acquisition costs)	–	6,378
Payments for increase in investments in associates and partnerships	–	(1,000)
Decrease in loans to other entities	2,373	–
(Increase)/Decrease in loans to associates and partnerships	(1,301)	1,149
Net cash (used)/provided in investing activities	(2,731)	5,851
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	15,500	20,755
Repayment of borrowings	(42,912)	(48,343)
Dividends paid	(14,466)	(8,737)
Proceeds on conversion of employee options	602	1,772
Net cash used by financing activities	(41,276)	(34,553)
Net increase in cash held	9,025	13,114
Effect of exchange rate fluctuation on the balances of cash held in foreign currencies	88	11
Cash at the beginning of the financial period	14,729	25,470
Cash and cash equivalents at the end of the financial period	23,842	38,595

The condensed cash flow statement is to be read in conjunction with the notes to the half-year financial statements on pages 10 to 43.

AMALGAMATED HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED STATEMENT OF CHANGE IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Attributable to equity holders of the Company				*Minority interest*	*Total equity*
CONSOLIDATED	*Issued capital $'000*	*Reserves $'000*	*Retained earnings $'000*	*Total $'000*	*$'000*	*$'000*
At 1 July 2004	89,311	99,462	204,270	393,043	95	393,138
Currency translation differences	–	(1,855)	–	(1,855)	–	(1,855)
Net decrease on available-for-sale financial assets - net of tax	–	(973)	–	(973)	–	(973)
Total income and expense for the period recognised directly in equity	–	(2,828)	–	(2,828)	–	(2,828)
Profit for the period	–	–	43,587	43,587	49	43,636
Total income for the period	–	(2,828)	43,587	40,759	49	40,808
Exercise of options	1,772	–	–	1,772	–	1,772
Cost of share-based payment	–	246	–	246	–	246
Equity dividends	–	–	(8,737)	(8,737)	–	(8,737)
At 31 December 2004	91,083	96,880	239,120	427,083	144	427,227
At 1 July 2005	90,871	103,896	232,382	427,149	250	427,399
Currency translation differences	–	834	–	834	–	834
Net decrease on available-for-sale financial assets - net of tax	–	(528)	–	(528)	–	(528)
Net gains on cash flow hedges - net of tax	–	195	–	195	–	195
Total income and expense for the period recognised directly in equity	–	501	–	501	–	501
Profit for the period	–	–	40,010	40,010	40	40,050
Total income / expense for the period	–	501	40,010	40,511	40	40,551
Distribution to minority	–	–	–	–	(157)	(157)
Exercise of options	602	–	–	602	–	602
Cost of share-based payment	–	254	–	254	–	254
Equity dividends	–	–	(14,466)	(14,466)	–	(14,466)
At 31 December 2005	91,473	104,651	257,926	454,050	133	454,183

The condensed statement of change in equity is to be read in conjunction with the notes to the half-year financial statements on pages 10 to 43.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Amalgamated Holdings Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2005 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The condensed consolidated interim financial report was authorised by the Board of the Company for issuance on 16 February 2006.

(a) Statement of Compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). This is the Group's first AIFRS condensed consolidated interim financial report. The condensed consolidated interim financial report does not include all of the information required for a full annual financial report.

It is recommended that this interim financial report be read in conjunction with the most recent annual financial report for the year ended 30 June 2005, however, the basis of their preparation is different due to the first time adoption of AIFRSs. This report should also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

An explanation of how the transition to AIFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 30. This note includes reconciliations of equity and profit for comparative periods reported under Australian GAAP (previous GAAP) to that reported under AIFRSs.

(b) Basis of Preparation

The financial report is presented in Australian dollars.

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

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.

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

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. These estimated and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

This condensed consolidated interim financial report has been prepared on the basis of AIFRSs on issue that are effective or available for early adoption at the consolidated entity's first AIFRS annual reporting date, being 30 June 2006.

The Australian Accounting Standards that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 30 June 2006 may still be subject to change. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first AIFRS financial statements are prepared at 30 June 2006.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation (continued)

The preparation of the condensed consolidated interim financial report in accordance with AASB 134 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP.

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening AIFRS balance sheet at 1 July 2004 for the purpose of the transition to AIFRSs, as required by AASB 1 *First time adoption of Australia equivalents to International Financial Reporting Standards*. The impact of the transition from previous GAAP to AIFRSs is explained in Note 30.

The accounting policies have been applied consistently throughout the Group for purposes of this condensed consolidated interim financial report.

(c) Basis of Consolidation

(i) *Subsidiaries*

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

(ii) *Associates*

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

(iii) *Partnerships*

In the condensed consolidated interim financial report, investments in partnerships are accounted for using equity accounting principles. Investments in partnerships are carried at the lower of the equity accounted amount and recoverable amount.

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

(iv) *Transactions Eliminated on Consolidation*

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

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

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign Currency

(i) *Foreign Currency Transactions*

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

(ii) *Financial Statements of Foreign Operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(iii) *Net Investment in Foreign Operations*

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released into the income statement upon disposal.

(e) Derivative Financial Instruments

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

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

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

(f) Hedging

(i) *Cash Flow Hedges*

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

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Hedging (continued)

(ii) *Hedge of Net Investment in Foreign Operation*

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

(g) Property, Plant and Equipment

(i) *Owned Assets*

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

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

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

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

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

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

(ii) *Investment Properties*

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

Gain or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, Plant and Equipment (continued)

(iii) *Leased Assets*

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

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

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

(iv) *Subsequent Costs*

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

(v) *Depreciation*

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

a.	buildings	40 – 80 years
b.	plant and equipment	3 – 20 years
c.	fixtures and fittings	3 – 10 years

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible Assets

(i) *Goodwill*

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

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

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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

(ii) *Construction Rights*

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

(iii) *Other Intangible Assets*

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

Software costs for mainframe application and major operating systems are amortised over a 4 to 5 year period. Desktop software applications are expensed on acquisition.

(i) Recoverable Amount of Assets

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

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

An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation, with any excess recognised through the income statement.

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

With the exception of goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments

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

After initial recognition, investments, which are classified as "available-for-sale", are measured at fair value.

Gains or losses on "available-for-sale" investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

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

(k) Inventories

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

Work in progress is valued at cost. Cost is based on the first-in-first-out principle and includes expenditure incurred in bringing inventories to their existing condition and location.

(l) Contract Work in Progress

For short-term contracts, profit is brought to account on completion of each job.

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

(m) Cash and Cash Equivalents

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

(n) Non-current Receivables

Where the payment terms for the sale of an asset are deferred, the receivable is discounted using the prevailing rate for a similar instrument of an issuer with similar credit terms. The unwinding of the discount is treated as interest income.

(o) Payables

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

(p) Borrowings

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

(i) *Employee Benefits*

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

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

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

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

(ii) *Doubtful Debts*

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

(iii) *Onerous Contracts*

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

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

(iv) *Decommissioning*

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

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

(r) Superannuation Plans

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee Share and Option Plans

(i) *Employee Share Plan*

The Company has issued shares to certain employees under an employee share plan. Other than costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the Group.

(ii) *Share-based Payment Transactions*

The management Share Option Plan allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity reserves. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

(t) Revenue recognition

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

(i) *Sale of Goods*

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

(ii) *Rendering of Services*

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

(iii) *Interest Revenue*

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

(iv) *Sale of Non-current Assets*

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

(u) Goods and Services Tax

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

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

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

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Borrowing Costs

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

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

(w) Taxation

(i) *Income Tax*

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(ii) *Tax Consolidation Regime*

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

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

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

(x) Segment Reporting

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

NOTE 2 – REVENUE AND OTHER INCOME

	Consolidated 31 December 2005 $000	Consolidated 31 December 2004 $000
Revenue		
Sale of goods (see below)	77,698	81,956
Rendering of services (see below)	215,241	229,439
	292,939	311,395
Other revenue		
Dividends received or due and receivable	867	453
Interest received or due and receivable	803	1,871
Management fees received or due and receivable	8,104	7,862
Rental income	5,073	4,486
Sundry revenue	1,138	746
	15,985	15,418
	308,924	326,813
Other income		
Profit on sale of non-current assets	4,885	3,372
Increase in fair value of investment properties	–	225
	4,885	3,597

Total revenues from sales of goods and services disclosed above does not include the consolidated entity's share of sales revenue earned by Partnerships. Total revenue and other income including the consolidated entity's share of the revenue and other income earned by Partnerships decreased from $424,996,000 for the half-year to 31 December 2004, to $393,887,000 for the half-year to 31 December 2005.

NOTE 3 – PROFIT BEFORE INCOME TAX	Consolidated 31 December 2005 $000	Consolidated 31 December 2004 $000
(a) Profit before income tax expense has been arrived at after charging the following items:		
Cost of goods sold	24,168	23,458
(b) Individually significant items		
Losses/(gains) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
Disposal and restructure of certain cinema joint venture interests	(2,154)	–
Write-down in carrying value of under-performing cinema sites	4,716	–
Doubtful debtor provision reversal	(2,310)	–
Profit on sale of investments in listed companies	(2,711)	(2,844)
Total individually significant items	(2,459)	(2,844)

(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 2006 have largely been earned in the half-year to 31 December 2005.

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:					
2005					
Final 2005 dividend paid	11.5	14,466	22 September 2005	30%	100%
2004					
Final 2004 dividend paid	7.0	8,737	22 September 2004	30%	100%
Subsequent events					
Since the end of the half-year period, the directors declared the following dividends:					
Interim	8.0	10,066	9 March 2006	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 2005 and will be recognised in subsequent financial reports.

Franking Credits
The balance of franking credits available to Amalgamated Holdings Limited at 31 December 2005 is approximately $98,436,000.

NOTE 5 – TAXATION

	Consolidated 31 December 2005 $000	Consolidated 31 December 2004 $000
Operating profit before tax from continuing operations	49,938	54,601
Operating profit before tax from discontinued operations	(1,137)	(1,370)
Operating profit before tax	48,801	53,231
Prima facie income tax expense calculated at 30% on the operating profit	(14,640)	(15,969)
Increase in income tax due to:		
- Depreciation and amortisation not deductible	(339)	(286)
- Tax losses in overseas entities not recognised	(1,514)	(44)
- Sundry items	–	(260)
	(1,853)	(590)
Decrease in income tax due to:		
- Franking credits on dividends received	371	194
- Capital profits offset by capital losses	1,459	1,007
- Share of associates' net profit	4,592	3,917
- Tax benefit of losses not previously brought to account	–	1,234
- Recognition of deferred tax asset for capital losses available to offset deferred tax liabilities on available-for-sale assets	102	1,150
- Recognition of deferred tax asset on restructure of joint venture operations	813	–
- Sundry items	19	–
	7,356	7,502
Income tax expense on operating profit	(9,137)	(9,057)
Less: Income tax (under)/over provided in prior year	386	(217)
Adjustment to prior years tax on distributions from an associated entity	–	(321)
Aggregate Income tax expense	(8,751)	(9,595)
Income tax attributable to:		
Profit from continuing operations	(9,092)	(10,006)
Loss from discontinued operations (refer to Note 26)	341	411
Aggregate income tax expense	(8,751)	(9,595)

NOTE 6 – RECEIVABLES

	Consolidated 31 December 2005 $000	Consolidated 30 June 2005 $000
Current		
Trade debtors	20,897	28,024
Less: Provision for doubtful trade debtors	(2,739)	(5,657)
	18,158	22,367
Other debtors	8,450	18,768
Loans to associates	340	642
Deferred consideration receivable*	25,810	–
Loans to partnerships	2,403	2,012
Short-term deposits	348	260
	55,509	44,049

* The deferred receivable was received on 10 February 2006.

	31 December 2005 $000	30 June 2005 $000
Non-current		
Deferred consideration receivable	–	25,411
Loans to associates	459	340
Other debtors	3,503	852
	3,962	26,603

NOTE 7 – INVENTORIES

	31 December 2005 $000	30 June 2005 $000
At cost:		
Raw materials and stores	4,865	4,218
Work in progress	1,855	1,487
Finished goods	4,845	5,437
	11,565	11,142

NOTE 8 – OTHER CURRENT ASSETS

	31 December 2005 $000	30 June 2005 $000
Derivatives at fair value	141	–
Prepayments	3,397	2,877
Sundry	129	172
	3,667	3,049

NOTE 9 – OTHER FINANCIAL ASSETS

	31 December 2005 $000	30 June 2005 $000
Non-current		
Investments in unquoted companies	1,870	1,836

NOTE 10 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2005 $000	30 June 2005 $000
Non-current		
Investments in quoted companies**	34,869	35,863

**** Option granted over shares in quoted company**
The Company has granted an option to an unrelated company to purchase the shareholding in a quoted company held by a controlled entity. The option can be exercised during the period to 31 December 2006. 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.

NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2005 $000	30 June 2005 $000
Associates (refer to Note 22)	68,027	61,625
Partnerships (refer to Note 23)	114,355	115,232
	182,382	176,857

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated 31 December 2005 $000	Consolidated 30 June 2005 $000
Freehold land and buildings		
At cost	249,739	236,101
Less: Accumulated depreciation	(41,588)	(40,472)
	208,151	195,629
Land subject to long-term lease		
At cost and subject to long-term lease	56	56
At cost and subject to long-term finance lease	7,485	7,319
	7,541	7,375
Buildings and improvements subject to long-term leases		
At cost and subject to long-term lease	74,920	74,543
At cost and subject to long-term finance lease	27,231	27,895
Less: Accumulated amortisation	(37,129)	(35,137)
	65,022	67,301
Capital works in progress		
At cost	1,306	831
Plant and equipment		
At cost	327,816	334,724
Less: Accumulated depreciation	(228,335)	(225,027)
	99,481	109,697
Leased plant and equipment		
At capitalised cost	–	9
Less: Accumulated amortisation	–	(9)
	–	–
Total property, plant and equipment at net book value	381,501	380,833

NOTE 13 – PROPERTIES HELD AS INVESTMENTS

	31 December 2005 $000	30 June 2005 $000
Freehold land and buildings		
At fair value	23,900	23,900

NOTE 14 – GOODWILL AND OTHER INTANGIBLE ASSETS

	31 December 2005 $000	30 June 2005 $000
Goodwill	11,755	11,418
Construction rights	1,388	1,388
Liquor licences	263	263
Software	1,976	1,394
Less: Accumulated amortisation	(328)	(31)
	1,648	1,363
	15,054	14,432

NOTE 15 – OTHER NON-CURRENT ASSETS

	Consolidated 31 December 2005 $000	30 June 2005 $000
Security deposits in respect of long-term operating leases	5,649	5,563
Wildlife	640	640
Deferred notional interest cost – interest free loans	1,164	1,265
Sundry	231	263
	7,684	7,731

NOTE 16 – PAYABLES

	31 December 2005 $000	30 June 2005 $000
Current		
Trade creditors	27,507	24,125
Other creditors and accruals	41,112	36,735
Loans from associates	–	858
	68,619	61,718
Non-current		
Loans from associates	161	161

NOTE 17 – INTEREST BEARING LIABILITIES AND BORROWIINGS

	31 December 2005 $000	30 June 2005 $000
Current		
Interest bearing liabilities and borrowings		
Bank loans – secured (refer below)	4,231	6,772
Loans from associates – unsecured	13,051	11,761
Loans from other companies – unsecured	330	312
Loans from other companies – secured	701	1,082
Lease liabilities – secured	1,523	1,441
	19,836	21,368
Non-interest bearing loans		
Loans from other companies – unsecured	5,076	6,338
	5,076	6,338
	24,912	27,706
Non-current		
Interest bearing liabilities and borrowings		
Bank loans – secured (refer below)	116,644	140,921
Deferred borrowing costs	(609)	(812)
Lease liabilities – secured	21,864	22,155
	137,899	162,264
Non-interest bearing loans		
Loans from other companies – unsecured	6,105	8,262
	6,105	8,262
	144,004	170,526

NOTE 17 – INTEREST BEARING LIABILITIES AND BORROWINGS (continued)

Financing Arrangements

Bank bills payable – secured
The Group 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 Group also has Australian dollar working capital facilities which include bank overdraft cash advance and bank guarantee facilities totalling A$250,000,000; a NZ$250,000 cash advance facility; and a euro letter of credit facility for €6,000,000. 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 loans – secured
In addition to the above facilities, Greater Union Filmpalast GmbH, a wholly owned subsidiary, has a €6,000,000 working capital facility (secured by the euro letter of credit facility mentioned above) and a further €5,000,000 working capital facility which is supported by the Company. Other club bank facilities were repaid during the year ended 30 June 2005.

NOTE 18 – PROVISIONS

	Consolidated 31 December 2005 $000	Consolidated 30 June 2005 $000
Current		
Employee benefits	8,586	9,243
Onerous contracts	2,716	2,502
Insurance loss contingencies and other claims	2,056	2,576
	13,358	14,321
Non-current		
Employee benefits	2,192	2,082
Onerous contracts	9,137	10,585
Decommissioning leasehold improvements	6,340	6,152
Insurance loss contingencies and other claims	92	–
Support of related entities	804	804
	18,565	19,623

NOTE 19 – OTHER LIABILITIES

	31 December 2005 $000	30 June 2005 $000
Current		
Deferred revenue	20,638	16,222
Derivatives at fair value	–	275
	20,638	16,497
Non-current		
Deferred revenue	5,422	4,919

NOTE 20 – CONTRIBUTED EQUITY

	Consolidated 31 December 2005 $000	Consolidated 30 June 2005 $000
Issued and paid-up capital		
125,820,502 (June 2005: 125,555,002) ordinary shares fully paid	91,473	90,871

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

During the half-year Amalgamated Holdings Limited issued:

(i) 225,000 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) 40,500 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.

Management share option plan

There were no management share plan options issued during the period.

Unissued ordinary shares of the Company under option are:

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
5 February 2002	30 September 2006	$2.26	433,000
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	1,827,500
17 June 2004	30 September 2008	$3.14	50,000
16 September 2004	30 September 2008	$3.72	250,000
			3,260,500

Shares issued as a result of the exercise of options
During the half-year, the Managing Director and executives have exercised options to acquire 265,500 fully paid ordinary shares in the Company at a weighted average exercise piece of $2.27. No options have been exercised since 31 December 2005.

NOTE 21 – RESERVES

	Consolidated 31 December 2005 $000	Consolidated 30 June 2005 $000
Available-for-sale investments revaluation	18,955	19,483
Investment property revaluation	3,553	3,553
Hedging	195	–
Share-based payments	986	732
Asset realisation	81,750	81,750
General	735	735
Foreign currency translation	(1,523)	(2,357)
	104,651	103,896

NOTE 22 – INVESTMENTS IN ASSOCIATES

Details of investments in associates are as follows:

Name	Principal Activities	Class of Share	Interest 31 December 2005 %	Interest 30 June 2005 %	Investment carrying amount 31 December 2005 $000	Investment carrying amount 30 June 2005 $000	Contribution to operating profit 31 December 2005 $000	Contribution to operating profit 31 December 2004 $000	Contribution to operating profit 30 June 2005 $000
Atlab Holdings Pty Limited	Multi copy film release printing and post production facility	Ord	50	50	3,331	1,903	1,428	1,212	3,041
Cinesound Movietone Productions Pty Ltd	Film owner and distributor	Ord	50	50	127	116	11	22	15
CS Konstanz GmbH	Film exhibitor	Ord	50	50	440	341	150	–	(66)
Filmpalast an ZKM Karlsruhe GmbH	Film exhibitor	Ord	50	50	2,500	2,245	628	526	526
Greater Union Kieft BV	Film exhibitor	Ord	50	50	738	590	138	66	92
Hindmarsh Square Entertainments Pty Ltd	Property owner and film exhibitor	Ord	50	50	939	987	(48)	(96)	(65)
MAF Greater Union LLC	Film exhibitor	Ord	49	49	12,585	10,181	2,008	1,125	2,097
Roadshow Distributors Pty Ltd	Film distributor	Ord	50	50	47,367	45,262	10,992	10,036	17,440
Village Roadshow Netherlands BV	Film distributor	Ord	50	50	(d)	(d)	–	164	(294)
					68,027	61,625	15,307	13,055	22,786

Notes:

a) Dividends and distributions received from associates for the half-year ended 31 December 2005 by the consolidated entity amount to $9,433,000 (2004: $12,221,000).
b) MAF Greater Union LLC was incorporated in the United Arab Emirates. Filmpalast an ZKM Karlsruhe GmbH and CS Konstanz 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) Village Roadshow Netherlands BV has negative net assets, for which a provision for support has been raised in respect of the Group's share of these negative net assets.

NOTE 23 – INVESTMENTS IN PARTNERSHIPS

Details of investments in other partnerships are as follows:

			Profit share		Investment carrying amount		Contribution to operating profit		
Name	Principal activities	Nature of interest	31 December 2005 %	30 June 2005 %	31 December 2005 $000	30 June 2005 $000	31 December 2005 $000	31 December 2004 $000	30 June 2005 $000
(i) Partnerships									
Australian Theatres Joint Venture	Owner and operator of multiscreen cinema complexes	Share of partnership assets	50	50	99,124	94,604	6,585	8,726	15,230
Broadway Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	–	50	–	5,871	345	557	1,066
Browns Plains Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	138	131	8	40	57
Castle Hill Multiplex Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	4,356	4,102	495	675	1,304
Casuarina Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	5,121	5,282	539	606	1,392
Garden City Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	33	33	2,743	2,441	302	407	766
Geelong Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	(a) 50	50	(692)	(696)	4	(72)	76
Jam Factory Cinema Operations Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,427	1,413	14	13	398
Neue Filmpalast GmbH & Co KG	Film exhibitor	Share of assets in limited partnership	(b)	(b)	–	–	–	(463)	(456)
Perth Cinecentre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	–	45	–	95	(7)	67	47
					112,217	113,243	8,285	10,556	19,880

NOTE 23 – INVESTMENTS IN PARTNERSHIPS (continued)

			Profit share		Investment carrying amount		Contribution to operating profit		
Name	Principal activities	Nature of interest	31 December 2005 %	30 June 2005 %	31 December 2005 $000	30 June 2005 $000	31 December 2005 $000	31 December 2004 $000	30 June 2005 $000
	Carried forward				112,217	113,243	8,285	10,556	19,880
Piccadilly Cinema	Owner and operator of a multiscreen cinema complex	Share of partnership assets	30	30	559	581	(2)	53	63
Shellharbour Cinema Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	98	74	24	35	36
Southport 6 Cinemas	Operator of a multiscreen cinema complex	Share of partnership assets	(c) 51	(c) 51	876	864	114	186	340
Toowoomba Cinema Centre Partnership	Operator of a multiscreen cinema complex	Share of partnership assets	50	50	1,583	1,515	108	207	376
Village Greater Union Parramatta Partnership	Operator of multiscreen cinema complexes	Share of partnership assets	(a) 50	50	(978)	(1,045)	67	36	(117)
					114,355	115,232	8,596	11,073	20,578

Notes:

a) Provision for diminution in the value of the investment carrying amount has been raised against this entity in prior years.
b) Neue Filmpalast GmbH & Co KG became wholly owned on 1 September 2004.
c) The partnership is not consolidated as the consolidated entity does not have control over its management and strategic objectives.

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 2005									
Segment revenue	50,349*	147,287	7,868	53,970	38,911	5,606	470	2,997	307,458
Other unallocated revenue									1,466
Total revenue									308,924
Segment result before share of associates results	8,091	(3,197)	362	11,713	12,846	1,482	203	1,369	32,869
Share of net profit of equity accounted business undertakings	8,549	2,924	1,439	–	–	–	10,992	–	23,904
	16,640	(273)	1,801	11,713	12,846	1,482	11,195	1,369	56,773
Unallocated revenues and expenses									(1,707)
Borrowing costs (net)									(5,128)
Profit before related income tax expense									49,938
Individually significant items:									
Disposal and restructure of certain cinema joint venture interests	2,154	–	–	–	–	–	–	–	2,154
Write-down in carrying value of under-performing cinema sites	–	(4,716)	–	–	–	–	–	–	(4,716)
Profit on sale of investment in a listed company	–	–	–	–	–	–	–	2,711	2,711
Doubtful debtor provision reversal	–	2,310	–	–	–	–	–	–	2,310
	2,154	(2,406)	–	–	–	–	–	2,711	2,459

* 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 $50,329,000 to $130,407,000.

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 2004									
Segment revenue	50,791*	165,223*	6,697	49,344	40,006	7,569	–	4,838	324,468
Other unallocated revenue									2,345
Total revenue									326,813
Segment result before share of associates results	6,121	5,331#	3	8,764	15,088	725	–	1,598	37,630
Share of net profit of equity accounted business undertakings	12,151	1,254	1,234	–	–	–	10,290	–	24,929
	18,272	6,585	1,237	8,764	15,088	725	10,290	1,598	62,559
Unallocated revenues and expenses									(1,736)
Borrowing costs (net)									(6,222)
Profit before related income tax expense									54,601
Individually significant items:									
Profit on sale of investment in a listed company	–	–	–	–	–	–	–	2,844	2,844
	–	–	–	–	–	–	–	2,844	2,844

* 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 $50,791,000 to $137,266,000 and Cinema Exhibition International revenue would increase from $165,223,000 to $173,334,000. Revenue of the Cinema Exhibition International segment was impacted by the increase in ownership interest in Neue Filmpalast GmbH & Co. KG on 1 September 2004.

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

NOTE 24 – SEGMENT INFORMATION (continued)

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 Atlab group.

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

- **Thredbo Alpine Resort**
  Includes all the operations of the resort including property development activities.

- **Leisure/Attractions**
  Includes ancillary leisure and other activities including Featherdale Wildlife Park and State Theatre.

- **Strategic Investments**
  Includes investment in Roadshow Distributors Pty Limited.

- **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 2005
There were no controlled entities acquired during the half-year period.

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:

	$000
Revenue	
Contribution prior to 1 September 2004	–
Contribution after 1 September 2004	26,277
Net loss	
Contribution prior to 1 September 2004	(463)
Contribution after 1 September 2004	(1,426)

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.

Disposal

31 December 2005
The consolidated entity did not relinquish control over any entities during the half-year period.

31 December 2004
The consolidated entity did not relinquish control over any entities during the half-year period.

NOTE 26 – DISCONTINUED OPERATIONS

Negotiations in relation to the sale of the Matilda Cruises business were concluded in June 2005. The sale of the Matilda Cruise business was completed on 9 November 2005. Also announced in the year to 30 June 2005 was the wind-down of the BlueRock Catering business.

In the second half of the financial year ended 30 June 2005 the following losses, before income tax, were recognised and reported in the 30 June 2005 financial statement as individually significant items:

	$'000
– Write-down in carrying value of Matilda Cruise business assets	4,707
– Write-down and closure costs for the BlueRock Catering business	1,666

Analysis of profit and loss of discontinued operations:

	Consolidated	
	31 December 2005 $000	31 December 2004 $000
Revenue	4,872	11,261
Advertising, commissions and marketing expenses	(193)	(381)
Depreciation and amortisation expenses	(57)	(1,178)
Employee expenses	(2,266)	(4,517)
Occupancy expenses	(1,011)	(2,380)
Purchases and other direct expenses	(1,221)	(3,087)
Other expenses	(1,261)	(1,088)
Loss before income tax benefit	(1,137)	(1,370)
Income tax benefit	341	411
Loss for the period after income tax for discontinued operations	(796)	(959)

During the six months ended 31 December 2005, these discontinued operations had outflows from operating activities of $1,372,000 (cash inflows for the six months ended 31 December 2004: $1,301,000), cash inflows from investing activities of $1,347,000 (six months ended 31 December 2004: nil) and cash flows from financing activities of nil (six months ended 31 December 2004: nil).

NOTE 27 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2005.

NOTE 28 – EVENT SUBSEQUENT TO REPORTING DATE

For interim dividends declared after 31 December 2005 see Note 4.

NOTE 29 – NON-CASH INVESTING ACTIVITIES

31 December 2005
There were no significant non-cash investing activities during the half-year period.

31 December 2004
There were no significant non-cash investing activities during the half-year period.

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs

As stated in note 1(a), these are the Group's first condensed consolidated interim financial statements prepared in accordance with AIFRSs.

The significant accounting policies stated in Note 1 have been applied in preparing these condensed consolidated interim financial statements for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements for the year ended 30 June 2005 and the opening AIFRS balance sheet at 1 July 2004 (the Group's date of transition).

In preparing its opening AIFRS balance sheet, comparative information for the six months ended 31 December 2004 and financial statements for the year ended 30 June 2005, the Group has adjusted amounts previously reported in financial statements prepared in accordance with its old basis of accounting (previous GAAP).

An explanation of how the transition from previous GAAP to AIFRSs has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

The transition from prior GAAP to AIFRS had no impact on the statement of cash flows.

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

Summary of transitional adjustments

The following table sets out the adjustments to the balance sheets of the Group on transition to AIFRS as at 1 July 2004 and the AIFRS transition impact for the balance sheets as at 31 December 2004 and 30 June 2005.

Reconciliation of equity

		Consolidated 30 June 2005			Consolidated 31 December 2004			Consolidated 1 July 2004		
	Note	Previous GAAP $'000	Transition Impact $'000	AIFRS $'000	Previous GAAP $'000	Transition Impact $'000	AIFRS $'000	Previous GAAP $'000	Transition Impact $'000	AIFRS $'000
CURRENT ASSETS										
Cash assets		14,729	–	14,729	38,440	–	38,440	25,305	–	25,305
Receivables		43,998	51	44,049	30,905	25	30,930	28,312	–	28,312
Inventories		11,142	–	11,142	12,853	–	12,853	12,696	–	12,696
Property, plant and equipment held for sale		–	2,000	2,000	–	–	–	–	–	–
Other	(j)	5,526	(2,477)	3,049	4,707	(378)	4,329	6,148	(18)	6,130
Total current assets		75,395	(426)	74,969	86,905	(353)	86,552	72,461	(18)	72,443
NON-CURRENT ASSETS										
Receivables	(g)(e)	26,603	–	26,603	32,228	–	32,228	31,299	–	31,299
Other financial assets	(j)	13,062	(11,226)	1,836	13,397	(11,524)	1,873	13,945	(12,107)	1,838
Available-for-sale financial assets	(j)	–	35,863	35,863	–	31,714	31,714	–	32,119	32,119
Investments accounted for using the equity method	(b)(f)	179,235	(2,378)	176,857	170,899	(3,493)	167,406	172,232	(4,631)	167,601
Property, plant and equipment	(a)(d)(f)	389,202	(8,369)	380,833	408,898	(6,436)	402,462	416,167	(7,834)	408,333
Properties held as investment	(a)	–	23,900	23,900	–	18,475	18,475	–	18,250	18,250
Goodwill and other intangible assets	(c)(d)	10,554	3,878	14,432	12,166	3,144	15,310	12,808	2,430	15,238
Deferred tax assets	(e)	13,965	8,308	22,273	15,238	5,561	20,799	14,483	5,438	19,921
Other	(j)	8,189	(458)	7,731	11,735	(652)	11,083	11,464	(1,229)	10,235
Total non-current assets		640,810	49,518	690,328	664,561	36,789	701,350	672,398	32,436	704,834
Total assets		716,205	49,092	765,297	751,466	36,436	787,902	744,859	32,418	777,277

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

Reconciliation of equity (continued)

	Note	Consolidated 30 June 2005 Previous GAAP $'000	Consolidated 30 June 2005 Transition Impact $'000	Consolidated 30 June 2005 AIFRS $'000	Consolidated 31 December 2004 Previous GAAP $'000	Consolidated 31 December 2004 Transition Impact $'000	Consolidated 31 December 2004 AIFRS $'000	Consolidated 1 July 2004 Previous GAAP $'000	Consolidated 1 July 2004 Transition Impact $'000	Consolidated 1 July 2004 AIFRS $'000
CURRENT LIABILITIES										
Payables	(j)	68,056	(6,338)	61,718	68,073	(3,289)	64,784	59,304	(1,212)	58,092
Interest bearing liabilities and borrowings	(j)	21,368	6,338	27,706	20,001	3,289	23,290	25,522	1,212	26,734
Current tax liabilities		7,869	–	7,869	7,437	–	7,437	8,847	–	8,847
Provisions		14,321	–	14,321	15,817	–	15,817	14,725	–	14,725
Other		16,222	275	16,497	15,345	191	15,536	13,847	–	13,847
Total current liabilities		127,836	275	128,111	126,673	191	126,864	122,245	–	122,245
NON-CURRENT LIABILITIES										
Payables	(j)	8,423	(8,262)	161	9,692	(9,531)	161	4,702	(4,541)	161
Interest bearing liabilities and borrowings	(j)	163,076	7,450	170,526	183,531	8,586	192,117	211,307	3,538	214,845
Deferred tax liabilities	(e)	6,786	7,772	14,558	9,102	5,443	14,545	9,516	5,330	14,846
Provisions	(f)	13,471	6,152	19,623	14,670	6,666	21,336	20,569	5,073	25,642
Other		4,919	–	4,919	5,652	–	5,652	6,400	–	6,400
Total non-current liabilities		196,675	13,112	209,787	222,647	11,164	233,811	252,494	9,400	261,894
Total liabilities		324,511	13,387	337,898	349,320	11,355	360,675	374,739	9,400	384,139
Net assets		391,694	35,705	427,399	402,146	25,081	427,227	370,120	23,018	393,138
EQUITY										
Contributed equity		90,871	–	90,871	91,083	–	91,083	89,311	–	89,311
Reserves	(a)(g)(h)(j)	87,412	16,484	103,896	88,263	8,617	96,880	90,117	9,345	99,462
Retained earnings	(d)(l)	213,161	19,221	232,382	222,656	16,464	239,120	190,597	13,673	204,270
Total parent equity interests		391,444	35,705	427,149	402,002	25,081	427,083	370,025	23,018	393,043
Outside minority interest		250	–	250	144	–	144	95	–	95
Total equity		391,694	35,705	427,399	402,146	25,081	427,227	370,120	23,018	393,138

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

Reconciliation of profits for the half year ended 31 December 2005

The following table sets out the adjustments to the income statements of the Group for the half year ended 31 December 2004 and year ended 30 June 2005. These balances are before reclassification made for discontinued operations – refer note 26.

		Consolidated year ended 30 June 2005			Consolidated half-year ended 31 December 2004		
	Note	Previous GAAP $'000	Transition Impact $'000	AIFRS $'000	Previous GAAP $'000	Transition Impact $'000	AIFRS $'000
Revenue from sale of goods		169,025	–	169,025	92,766	–	92,766
Revenue from rendering of services		411,183	–	411,183	229,890	–	229,890
Other revenue and income	(a)	39,421	(1,814)	37,607	20,575	(1,560)	19,015
Total revenue and income		619,629	(1,814)	617,815	343,231	(1,560)	341,671
Advertising, commissions and marketing expenses		(20,221)	–	(20,221)	(12,208)	–	(12,208)
Carrying value of non-current assets sold	(a)	(3,344)	3,344	–	(2,297)	2,297	–
Depreciation and amortisation expenses	(c)(f)	(38,606)	1,083	(37,523)	(17,426)	564	(16,862)
Employee expenses	(g)	(146,237)	(441)	(146,678)	(76,406)	(221)	(76,627)
Film hire and other film expenses		(124,263)	–	(124,263)	(68,581)	–	(68,581)
Interest and borrowing costs	(k)(f)	(14,054)	(1,086)	(15,140)	(7,507)	(586)	(8,093)
Occupancy expenses		(166,349)	–	(166,349)	(83,914)	–	(83,914)
Purchases and other direct expenses		(49,360)	–	(49,360)	(30,880)	–	(30,880)
Other expenses	(a)	(42,868)	(98)	(42,966)	(15,403)	–	(15,403)
Share of net profits/(losses) accounted for using the equity method:							
Associates	(c)	22,203	567	22,770	12,965	90	13,055
Partnerships	(c)(f)	18,484	2,094	20,578	10,026	1,047	11,073
Profit before income tax expense		55,014	3,649	58,663	51,600	1,631	53,231
Income tax expense	(e)	(14,756)	1,899	(12,857)	(10,755)	1,160	(9,595)
Profit after income tax expense		40,258	5,548	45,806	40,845	2,791	43,636
Net profit attributable to outside equity interests		(155)	–	(155)	(49)	–	(49)
Net profit attributable to members of the parent entity		40,103	5,548	45,651	40,796	2,791	43,587

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

Notes to reconciliation of impact of adopting AIFRS

(a) ***Property, plant and equipment***
Under AIFRS transition property, plant and equipment are measured at cost. At the transition date of 1 July 2004 an AASB 1 election has been taken to deem property, plant and equipment previously revalued to be measured at deemed cost.

The existing asset revaluation reserve balances relating to these assets may no longer be used and has been transferred to retained earnings. At 1 July 2004 amounts of $10,847,000 have been transferred from the asset revaluation reserve to retained earnings for the Group.

Under AIFRS the gain or loss on the disposal of non-current assets is recognised on a net basis, as a gain or loss, rather than separately recognising the gross consideration received as revenue. A net amount of $3,341,000 has been adjusted from other income for the year ended 30 June 2005 ($2,297,000 for the half-year to 31 December 2004).

Investment properties
The Group has elected to apply the "fair value" basis as its accounting policy in respect of investment properties. 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.

Investment properties with a fair value of $18,250,000 have been separately disclosed in the balance sheet as at 1 July 2004 for the Group. The difference of $10,923,000 between the book value and the fair value of investment properties, as at 1 July 2004, has been adjusted against opening retained earnings on transition. The impact on profit for the year ended 30 June 2005 is to recognise an increase to the carrying value of $480,000 ($225,000 for the half-year to 31 December 2004).

(b) ***Investments in associates and joint ventures***
In determining the carrying value of investments an AIFRS "notional" balance sheet has been prepared for the associate or joint venture, at the date of transition. This has resulted in adjustments to the carrying value of interests in associates and joint ventures.

Amortisation of "notional" goodwill arising in the associate or joint venture, on applying the equity accounting method is no longer amortised, however this goodwill is now subject to an impairment test each period.

(c) ***Intangible assets***
Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures and is determined as the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to the transition date, goodwill is included on the basis of its deemed cost, which represents the amortised amount recorded under previous Australian GAAP.

Goodwill is stated at deemed cost less any impairment losses recognised. Goodwill is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or partnerships.

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

(c) ***Intangible assets (continued)***

Other intangible assets

Other intangible assets, that have been acquired, are stated at cost less accumulated amortisation and impairment losses.

On transition other intangible assets were reviewed to ensure that they were capable of recognition under AASB 138 and tested for impairment. As a result of this review other intangible assets, to the value of $3,567,000, previously recognised in the carrying value of investments in partnerships, were derecognised and adjusted through retained earnings of the Group at 1 July 2004.

Software assets have been reclassified from property, plant and equipment to intangible assets on transition to AIFRS. This has resulted in a reclassification of $1,035,000 as at 1 July 2004.

Construction rights have been reclassified from other non-current assets to intangible assets on transition to AIFRS. This has resulted in a reclassification of $1,395,000 as at 1 July 2004.

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Goodwill is not subject to amortisation but is tested for impairment annually.

The impact on the results for the period ended 30 June 2005 was to reverse goodwill amortisation recognised in the year and increasing share of equity profits from associates by $567,000 ($90,000 for the half-year to 31 December 2004); share of equity profits from partnerships by $2,163,500 ($1,081,750 for the half-year to 31 December 2004) and decrease amortisation expense by $1,127,000 ($564,000 for the half-year to 31 December 2004).

(d) ***Impairment***

The carrying amount of the Group's non-current assets, excluding investment property, deferred tax assets and goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset is tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill was tested for impairment at transition date and no impairment write-downs were deemed necessary as at 1 July 2004 and 30 June 2005.

(e) ***Taxation***

Deferred tax is determined by using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The impact of the change in basis for the Group as at 30 June 2005 was to recognise additional deferred tax liabilities amounting to $7,772,000 (2004: $5,330,000) and additional deferred tax asset amounting to $7,899,000 (2004: $5,438,000) at the transition date. These deferred tax liabilities arise from the recognition of potential future tax liabilities in respect of available-for-sale assets and investment properties and are offset by capital losses recognised as deferred tax assets. Movements in deferred tax liability balances in respect of available-for-sale assets are taken to the available-for-sale asset revaluation reserve.

The impact on the Group income tax expense, for the year ended 30 June 2005, was to reduce the expense by $1,899,000 ($1,160,000 for the half-year to 31 December 2004).

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

(f) ***Leasehold property decommissioning***

The cost recognised for an item of property, plant and equipment is required to include an initial estimate of the costs of dismantling and removing the item and restoring the site on which, or in which, it is located. Where a legal or constructive obligation exists a provision for the future liability for dismantling and removal of plant and equipment is required to 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 interest expense. The Group has interests, either through partnerships or directly, in a large number of cinema sites which are located in premises subject to long-term leases. Certain of these leases have obligations in respect of decommissioning the site at the end of the lease term.

Under previous Australian GAAP the costs of decommissioning was not recognised until the expenditure was incurred, whereas under AIFRS a provision for decommissioning costs must be recognised over the period of the lease, measured at the expected cost of refurbishment at each reporting date.

In determining the provision for decommissioning costs an assessment has been made, for each location, of the likelihood that decommissioning cost will be incurred in the future. The provision for future costs is reassessed each year.

At the date of transition a provision for decommissioning costs of $5,073,000 has been raised for the Group. The carrying value of the Group's investment in partnerships has been reduced by $884,000 as a result of the Group's share of decommissioning provisions raised in those partnerships at the transition date of 1 July 2004. The impact of this change for the year ended 30 June 2005 was to increase depreciation by $245,000 ($96,000 for the half-year to 31 December 2004) and interest costs by $85,000 ($42,000 for the half-year to 31 December 2004) and decrease share of equity profit from partnerships by $69,000 ($35,000 for the half-year to 31 December 2004).

(g) ***Employee benefits***

Share based payments

The fair value of options granted to employees is required to be recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date taking into account market performance conditions only, and is then spread over the vesting period during which the employees becomes unconditionally entitled to the options. The fair value of options granted is measured using a binomial option pricing method, taking into account the terms and conditions attached to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that vest, except where forfeiture is due to market related conditions.

No adjustment is required to be made for options granted before 7 November 2002 which have vested before 1 January 2005. Options granted after 7 November 2002 remaining unvested at 1 January 2005 have been recognised in the transition balance sheet via an adjustment, amounting for $240,000, to opening retained earnings and equity reserves as at 1 July 2004.

For the year ended 30 June 2005 employee benefits expense have been increased by $441,000 for the Group, representing the options expense for that period ($221,000 for the half-year to 31 December 2004).

(h) ***Foreign currency***

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of transactions. Foreign exchange differences arising on translation are recognised directly as a separate component of equity.

The Group has taken advantage of the election in AASB 1 to reset the foreign currency translation reserve to $nil, with the debit balance of $3,215,000 being adjusted against retained earnings as at the transition date.

(i) ***Business combinations***

The Group has taken advantage of the election available in AASB 1 in relation to business combinations and therefore the classification and accounting treatment of business combinations that occurred prior to transition date have not been restated in preparing the opening AIFRS statement of financial position.

NOTE 30 – EXPLANATION OF TRANSITION TO AIFRSs (continued)

(j) ***Financial instruments***

The Group has not elected to adopt the exemption given in AASB 1 and has applied AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" to its comparative information.

Investments held in shares quoted on the Stock Exchange are classified as "available-for-sale" financial assets. Available for sale financial assets are measured at fair value with changes in the fair value being recognised directly in equity (reserves), through the statement of change in equity. The cumulative gain or loss that has been recognised in reserves is taken to the reported profit or loss when an "available for sale" financial asset is sold.

The restatement of "available-for-sale" investments to their fair values, as at 1 July 2004, has resulted in increases to non-current assets and reserves amounting to $20,012,000 (2005: $24,637,000) for the Group.

Cash flow hedges, which comprise interest rate swaps, and low interest or interest free loans have been stated at their fair values.

Transition adjustments made as at 1 July 2004 for interest rate swaps, have been to recognise hedge items at their fair values resulting in an increase in current assets – other of $316,000, an increase in retained earnings of $221,000 and an increase in deferred tax liabilities of $95,000. For the year ended 30 June 2005 borrowing costs increased by $591,000 (half-year to 31 December 2004: borrowing costs increased by $507,000).

Low interest and interest free loans have been recognised at their fair values resulting in an increase in assets (deferred notional interest cost) and an increase in retained earnings as at 1 July 2004 of $835,000 (2005: $1,378,000). The fair value of loans have been determined at their amortised cost using the effective interest rate method. The fair value of these loans will increase over their term to the cash or maturity amounts. This accretion in value will be recognised in the income statement as interest expense. On receipt of low interest or interest free loans, the difference between the fair value and the maturity amount is recognised as interest income. For the year ended 30 June 2005 interest income increased by $952,000 and borrowing costs increased by $409,000 (half-year ended 31 December 2004: interest income increased by $512,000 and borrowing costs increased by $37,000).

Certain balances previously classified under "Payables" have been reclassified to "Interest bearing liabilities and borrowings".

(k) ***Borrowing costs***

The Group has elected to apply the allowed alternative treatment under AASB 123 and will therefore continue to capitalise borrowing costs where they are directly attributable to an acquisition, construction or production of a qualifying asset.

(l) ***Summary of impact on retained earnings***

The impact of the transition to AIFRS on retained earnings is summarised below:

	Note	30 June 2005 $'000	31 December 2004 $'000	1 July 2004 $'000
Retained earnings under previous GAAP		213,161	222,656	190,597
Transfer from asset revaluation reserve	(a)	10,847	10,847	10,847
Transfer from Foreign Currency translation reserve	(h)	(3,215)	(3,215)	(3,215)
Goodwill		1,127	564	–
Investment Properties	(a)	11,604	11,244	10,923
Investments in Associates		388	(89)	(179)
Investments in Partnerships	(c)	(2,357)	(3,404)	(4,451)
Share-based remuneration	(g)	(681)	(461)	(240)
Decommissioning provision	(f)	(4,877)	(4,684)	(4,546)
Fair value of cash flow hedge derivatives	(j)	(275)	(191)	316
Fair value of interest free loans	(j)	1,378	1,310	835
Deferred income tax adjustments	(e)	5,282	4,543	3,383
Retained earnings under AIFRS		232,382	239,120	204,270

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 43, 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 2005 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 Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

Dated at Sydney this 16th day of February 2006.

Signed in accordance with a resolution of the Directors:

AG 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 condensed consolidated income statement, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes 1 to 30 to the financial statements, and the directors' declaration set out on page 44 for the Amalgamated Holdings Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2005. 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. The directors are also responsible for preparing the relevant reconciling information regarding adjustments required under the Australian Accounting Standard AASB 1 *First-Time Adoption of Australian equivalents to International Financial Reporting Standards*.

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 134 *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.

KPMG

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 2005 and of its performance for the half-year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG
Sydney
16 February 2006

A Walsh
Partner

AHL

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

CONSOLIDATED GROUP RESULT

	31 December 2005			31 December 2004*		
	Normalised Result $'000	Individually significant $'000	Total $'000	Normalised Result $'000	Individually significant $'000	Total $'000
Entertainment						
Cinema Exhibition Domestic	14,486	2,154	16,640	18,272	–	18,272
Cinema Exhibition International	2,133	(2,406)	(273)	6,585	–	6,585
Entertainment Technology						
Atlab Holdings Pty Limited	1,428	–	1,428	1,212	–	1,212
Technology other	373	–	373	25	–	25
Hospitality & Leisure						
Hotels	11,713	–	11,713	8,764	–	8,764
Thredbo Alpine Resort	12,846	–	12,846	15,088	–	15,088
Leisure/Attractions	1,482	–	1,482	725	–	725
Strategic Investments						
Roadshow Distributors Pty Limited	10,992	–	10,992	10,036	–	10,036
Strategic Investments – other	203	–	203	254	–	254
Other						
Property	1,369	–	1,369	1,598	–	1,598
Unallocated revenue and expenses	(4,418)	2,711	(1,707)	(4,580)	2,844	(1,736)
	52,607	**2,459**	**55,066**	**57,979**	**2,844**	**60,823**
Interest income	803	–	803	1,871	–	1,871
Normalised result before borrowing costs and income tax	**53,410**	**2,459**	**55,869**	**59,850**	**2,844**	**62,694**
Borrowing Costs			(5,931)			(8,093)
Profit before income tax, discontinuing operations and outside minority interest			49,938			54,601
Income tax expense			(9,092)			(10,006)
			40,846			44,595
Net loss from discontinued operations			(796)			(959)
			40,050			43,636
Outside minority interest			(40)			(49)
Net profit			40,010			43,587

* Comparative figures have been restated under new AIFRS requirements – refer note 30 of the financial statements for the half-year ended 31 December 2005.

OVERVIEW

The half-year profit before income tax, discontinuing operations and outside minority interest represents a decline of $4.663 million or 8.5% on the comparable previous half-year.

The comparable prior half year included a significantly higher contribution to earnings from Thredbo resulting from the outstanding 2004 ski season and this, combined with a softening in admission levels within the Australian and German circuits in the current half year, were the major factors impacting on the earnings decline.

The Hotels & Resorts operations of the Company performed well with strong demand enabling a significant lift in yield. Earnings were increased by 33.6% over the prior year comparable period.

The company finalised an agreement with Hoyts to acquire the Hoyts interest in the George Street Sydney Cinema complex and the Myer Centre and Regent Cinemas in Brisbane. Hoyts acquired the Company's interest in the Broadway Sydney and Perth cinemas. A profit of $2.154 million was recorded on the transaction.

Included in the result is a further profit of $2.711 million on the sale of shares in a listed company.

Resulting from the downturn in admissions in the German circuit, the carrying value of certain cinema sites was written down by $4.716 million.

The Company has a positive second half outlook for each of the businesses within the Group with the exception of the German cinema circuit and the impact on trading of the FIFA World Championships being held in June and July of this year.

REVIEW OF OPERATIONS

Entertainment

The performance of Australian Exhibition was impacted by relatively soft film product. Total revenue from owned and managed sites was $154 million, which was $11.7 million or 7.6% behind the prior year. Box office was $11.7 million or 10.5% behind the prior year.

Notwithstanding a difficult box office environment, Greater Union and Birch Carroll and Coyle maintained market share during the first half of the financial year. Market share was 32.4% for the first half, the same level as achieved in the prior twelve-month period.

Trading in the important December school holiday period has been strong with box office revenue ahead of the prior year.

In the first half, merchandise revenue grew strongly in a difficult environment with merchandise revenue per admission increasing 9.0% on the prior year due to new initiatives and an expanding Gold Class business.

Harry Potter and the Goblet of Fire was the highest grossing film for the first half and reached $35 million at the Australian Box Office. *War of the Worlds*, *Charlie and the Chocolate Factory*, *King Kong*, and *Wedding Crashers* were also strong Box Office contributors. The key Boxing Day release of *The Chronicles of Narnia – The Lion, the Witch and the Wardrobe* has performed strongly.

New food and beverage initiatives have boosted merchandise revenue growth. The installation of Pulp smoothie bars in a number of cinemas has been successful in boosting merchandise revenue and modernizing the merchandise offering.

The company has been expanding the highly successful Gold Class concept with three locations upgraded in this half year. Traditional auditoriums were converted to Gold Class at Innaloo, Mt Gravatt and Indooroopilly. At the same time, Gold Class lounges and kitchens were upgraded. All three locations are achieving or exceeding expectations. Gold Class continues to outperform the traditional cinema business in all 7 locations where it is available.

In December 2005 the company reached an agreement with Hoyts Cinemas Ltd to unwind four joint ventures. As a result, the company acquired Hoyts interest in the George St, Sydney location and the Myer Centre and Regent cinemas in Brisbane. The company sold its interest in cinemas at Broadway, Sydney and in Perth city.

New cinemas will be opened in Sydney at Campbelltown in March and Parramatta in June.

The outlook for the second half of the year is encouraging with a relatively strong release schedule. Trading will however be impacted by the Commonwealth Games in March.

The State Theatre improved profitability in the first half compared to the prior year due to an improvement in the number of performances and events. This is expected to continue through the second half.

Our cinema exhibition circuit in Germany, Greater Union Filmpalast, was unable to repeat the strong box office performance achieved in the prior half-year resulting from highly successful German productions. As experienced in other major European exhibition markets the performance of other film product was generally weaker than the prior half-year. Box office was 11.1% behind the prior year.

Notwithstanding a difficult box office environment, Greater Union Filmpalast improved market share during the 2005 calendar year. Market share was 18.3% in 2005 compared to 17.6% in 2004.

The half-year finished relatively strongly with box office for the months of November and December 2005 only 4.7% down on what was a very strong box office period in the corresponding period in the prior year.

Merchandise revenue grew strongly with merchandise revenue per admission increasing 14% on the prior year.

Harry Potter and the Goblet of Fire was the highest grossing film for the first half. *Madagascar*, *War of the Worlds*, *Mr & Mrs Smith* and *The Chronicles of Narnia – The Lion, The Witch and the Wardrobe* were also strong Box Office contributors.

The Group has continued to assess the performance of each cinema site in Germany and has found it necessary to book future impairment adjustments amounting to $4.716 million at 31 December 2005 in relation to a number of cinema sites in Germany.

Trading is expected to be significantly disrupted by the FIFA World Championship being held in Germany in June/July.

The Middle East cinema business continued the strong growth seen in recent years. Total revenue increased by 28% on the prior half year, assisted by a new cinema opening in November 2005. Revenue growth was driven by an increase in admissions of 19% and merchandise revenue growth of 37%.

The new 14-screen complex at the Mall of the Emirates in Dubai opened in November 2005 and features two Gold Class auditoriums and a casual dining restaurant. The cinema has significantly exceeded expectations for the first two months of trading and this trend is expected to continue through the second half.

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

Entertainment Technology

Strong earnings growth continued for the 50% owned Atlab group with increases in feature film and trailer printing, the group's major revenue source.

Although some major offshore productions were serviced during the period, overall, production levels remain at historically low levels, impacting both processing and postproduction results.

During the period Atlab completed the migration of its two Sydney laboratories into a single location at the company's Lane Cove complex. Operating efficiencies generated by the integration of the laboratories are yielding the expected cost savings.

Atlab Image and Sound Technology traded at a comparable level to the prior year.

The Filmlab group increased profit with improved orders for processors and colour master units. Ongoing overhead reduction programmes again underpinned this result.

The outlook for the second half remains positive with consistent demand and further cost efficiencies flowing from the integration of the company's two Sydney laboratories.

Strategic Investments

Our investment in Roadshow Distributors produced a solid result for the 6-month period with an equity share of profit of $10.992 million delivering an increase of $0.956 million on the prior year comparable period.

The result, whilst driven primarily by the strong performance of the Entertainment Division, was strongly supported by the Theatrical Divisions.

The major theatrical releases that performed strongly at the box office were *Harry Potter and the Goblet of Fire*, *Charlie and the Chocolate Factory* and *Wedding Crashers*.

The major new release DVD titles that sold well in the period included *Constantine*, *Million Dollar Baby*, *In Good Company*, *Miss Congeniality 2: Armed and Fabulous*, *Hostage*, *Monster in Law* and *House of Wax*. ABC, BBC and back catalogue titles also contributed significantly to the Entertainment Division's result.

The building located at 478-480 George Street adjoining the State Theatre block in Sydney was purchased as a strategic holding during the period.

Hospitality and Leisure

With strong demand and relatively stable supply, Rydges Hotels & Resorts gained a significant lift in average room rate. This drove an increase in Hotel Group earnings of 33.6% for the first half. It is expected that market conditions favourable to yield growth will continue through the second half of the year.

The addition of new management contracts provided a further improvement to earnings from management fees.

Internationally Dubai, Doha and London continued to perform well.

Thredbo produced a solid result given the average snow conditions for the season, however earnings were well below that of the record performance experiences in the prior year.

AHL completed the Sale of Matilda Cruises in November 2005.

The Pier26 Bar performed well and was supported by increased rental income from the leasing of the ticketing areas.

Featherdale continues to perform in line with the prior year. Expressions of interest had been sought in relation to the disposal of Featherdale and with no suitable offers, the business has now been withdrawn from the market.