Appendix 4D

Name of entity

Austar United Communications Limited

ABN or equivalent company reference

88 087 695 707

Half year/~~financial year~~ ended ('current period')

30 June 2003

~~Half year~~/financial year ended ('previous corresponding period for Statement of Financial Position')

31 December 2002

Half year/~~financial year~~ ended ('previous corresponding period for Statement of Financial Performance and for Statement of Cashflows')

30 June 2002

Results for announcement to the market

Extracts from this report for announcement to the market

$A'000

1. Revenue from ordinary activities	up/~~down~~	6.3 %	to	188,039
2. Profit / (loss) from ordinary activities after tax attributable to members	up/~~down~~	N/A	to	8,723
3. Net profit / (loss) for the period attributable to members	up/~~down~~	N/A	to	8,723

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil.	Nil.
Interim dividend	Nil.	Nil.

Statement regarding dividends	No dividends of the Company have been paid, declared or recommended during the half year ended 30 June 2003.
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	Not applicable.

	Current Period	Previous Corresponding Period
Net tangible assets per security	(0.48) ¢	(0.46) ¢

Brief explanation of any of the figures reported above

Directors' Report

The directors present their report together with the financial report of Austar United Communications Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities ("the Consolidated entity") as at and for the half-year ended 30 June 2003.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

William D. Ferris, Chairman, appointed 23rd April 2003
John W. Dick, Non-Executive Director
Timothy D. Downing, Non-Executive Director
Michael T. Fries, Non-Executive Director
Justin H. Gardener, Non-Executive Director
Leonard M. Harlan, Non-Executive Director, appointed 23rd April 2003, resigned 10th July 2003
David F. Jones, Non-Executive Director, appointed 23rd April 2003
Howard D. Morgan, Non-Executive Director, appointed 23rd April 2003
John C. Porter, Executive Director
John F. Riordan, Non-Executive Director, resigned 23rd April 2003
Mark L. Schneider, Non-Executive Director, resigned 10th July 2003
Gene W. Schneider, Non-Executive Director

Review and Results of Operations

Operating activities

The Consolidated entity recorded a net profit of $8,723,000 for the current period (loss of $94,428,000 for the previous corresponding period) on total revenue from ordinary activities of $188,039,000 ($176,902,000 for the previous corresponding period).

Included in revenue from ordinary activities for the current period is revenue from subscription services of $152,885,000 ($153,085,000 for the previous corresponding period). Revenue from subscription services was relatively consistent from period to period despite a decline in the number of Television and Data subscribers. Revenue for the previous corresponding period includes subscription revenue of $2,468,000 from Austar Metro, the Consolidated entities metropolitan Data business that was sold in September 2002. Over the past twelve months the Consolidated entity has focused on acquiring and keeping more profitable subscribers. Subscriber information is summarised in the table below:

Service	As at 30 June 2003	As at 31 December 2002	As at 30 June 2002
Television	407,270	402,739	417,196
Data	52,604	52,769	74,390
Mobile	22,475	21,460	19,006

Television subscribers have increased in the current period by 4,531 from 402,739 as at 31 December 2002 and churn averaged 1.98% (2.79% for the previous corresponding period).

Also included in revenue from ordinary activities for the current period is the proceeds from the sale of the Consolidated entity's interest in TelstraClear Limited to Telstra Corporation for gross proceeds of $25,000,000 (see also Note 9. Associated entities).

Operating activities (continued)

Revenue from the sale of goods decreased from $12,043,000 in the previous corresponding period to nil for the current period as a result of deconsolidating the results of TVSN Limited from 19 June 2002.

Expenses from ordinary activities decreased by $93,511,000 to $162,691,000 for the current period from $256,202,000 for the previous corresponding period. The decrease in expenses from ordinary activities is partly a result of the restructuring initiatives announced at the end of the fourth quarter of 2001 and the deconsolidation of TVSN Limited effective 19 June 2002.

In addition to the effect of the above noted items, programming costs have declined by $9,628,000 to $65,902,000 for the current period ($75,530,000 for the previous corresponding period) primarily as a result of a decrease in the number of subscribers in the current period as compared to the previous corresponding period and a decrease in the comparative cost of United States dollar denominated content as a result of the appreciation in the value of the Australian dollar relative to the US dollar.

Also included in expenses from ordinary activities for the current period is depreciation expense on plant and equipment of $16,116,000 ($62,958,000 for the previous corresponding period). Depreciation expense has decreased primarily as a result of subscriber equipment purchased in previous periods having been fully depreciated, and the deconsolidation of TVSN Limited.

Cost of goods sold decreased from $8,049,000 in the previous corresponding period to nil for the current period as a result of deconsolidating the results of TVSN Limited from 19 June 2002 as noted above. In addition the Consolidated entity incurred an accounting charge in the previous corresponding period of $9,080,000 as a result of the write-down of the loans and the dilution of the Consolidated entity's interest in TVSN Limited at that time.

Financing and investing activities

On 25 March 2003 the Consolidated entity completed the sale of its interest in TelstraClear Limited to Telstra Corporation for gross proceeds of $25,000,000 (see also Note 9. Associated entities). Pursuant to the terms of the Austar Entertainment Pty Limited $400 million Senior Secured Amortising Term Facility ("the Facility") 65% of the net proceeds on the disposal of the shares in TelstraClear Limited were used to retire debt and accordingly $15,980,000 of the Facility was repaid on 24 April 2003.

On 17 April 2003 the Consolidated entity completed the renegotiation of the Facility and was granted approval to undertake a Rights Offering for a minimum of $63,500,000. On 14th July 2003 the Company announced a Rights Offering for approximately $75,170,000. The Rights Offering is being fully underwritten by United Austar, Inc. ("UAI"). Pursuant to the underwriting agreement United AUN, Inc. will make available to UAI the proceeds in the United Contingent Cash Account. (see also Note 6(b) Financing facilities and Note 13. Subsequent events).

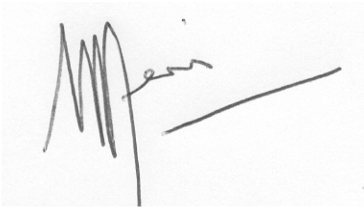
Pursuant to the terms of the Facility the Rights Offering is to be completed by 30 September 2003 and 25% of the proceeds are to be used to permanently reduce advances under the Facility. In addition, up to $10,000,000 of the proceeds will be used to pay accrued expenses and interest thereon to UAI.

During the current period the Consolidated entity incurred capital expenditure of approximately $31,876,000. The capital expenditure was incurred primarily in relation to the purchase of new set top box equipment and installation costs related to new subscribers.

Rounding of Amounts

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

Signed in accordance with a resolution of the directors:



William D. Ferris
Director and Chairman

Statement of Financial Position as at 30 June 2003

	Note	Consolidated	
		June 2003	**Dec 2002**
		$'000	**$'000**
CURRENT ASSETS			
Cash assets	7	30,216	32,500
Receivables		15,630	11,496
Inventories		90	152
Other		9,682	6,866
Total current assets		55,618	51,014
NON-CURRENT ASSETS			
Receivables		3,192	6,383
Investments accounted for using the equity method	9	35,364	38,191
Property, plant and equipment		74,761	62,370
Intangible assets		104,788	109,690
Other		6,047	9,071
Total non-current assets		224,152	225,705
TOTAL ASSETS		**279,770**	**276,719**
CURRENT LIABILITIES			
Payables		68,794	54,694
Interest bearing liabilities	6	30,589	413,918
Provisions		5,899	5,970
Other		2,183	2,212
Total current liabilities		107,465	476,794
NON-CURRENT LIABILITIES			
Payables		29,714	30,967
Interest bearing liabilities	6	373,119	7,447
Provisions		1,505	2,087
Total non-current liabilities		404,338	40,501
TOTAL LIABILITIES		**511,803**	**517,295**
NET (LIABILITIES)		**(232,033)**	**(240,576)**
(Deficiency)			
Contributed equity		1,003,198	1,003,198
Accumulated losses	10	(1,235,231)	(1,243,774)
TOTAL (DEFICIENCY)		**(232,033)**	**(240,576)**

The accompanying notes form an integral part of this Statement of Financial Position.

Statement of Financial Performance for the half-year ended 30 June 2003

	Note	Consolidated	
		June 2003	June 2002
		$'000	$'000
Revenue from ordinary activities	2	188,039	176,902
Expenses from ordinary activities	3	(162,691)	(256,202)
Borrowing costs	3	(17,199)	(17,956)
Share of net profits of associates accounted for using the equity method	9(b)	574	468
Profit / (loss) from ordinary activities before income tax expense		**8,723**	**(96,788)**
Income tax (expense) / benefit relating to ordinary activities		-	-
Profit / (loss) from ordinary activities after income tax expense		**8,723**	**(96,788)**
Net loss attributable to outside equity interests		-	2,360
Net profit / (loss) attributable to members of the parent entity		**8,723**	**(94,428)**
Increase in accumulated losses on adoption of revised accounting standard AASB 1028 "Employee Benefits"	1(b)	(180)	**-**
Total adjustments attributable to members of the parent entity recognised directly in equity		(180)	-
Total changes in equity from non-owner related transactions attributable to members of the parent entity		8,543	-
Basic and diluted earnings / (loss) per share	4	**$0.01**	**$(0.13)**

The accompanying notes form an integral part of this Statement of Financial Performance.

Statement of Cash Flows for the half-year ended 30 June 2003

	Note	Consolidated June 2003 $'000	Consolidated June 2002 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriber receipts		172,711	184,954
Payments to suppliers and employees		(131,709)	(189,449)
Net GST (paid) / received		(6,334)	(3,571)
Interest received		1,010	1,949
Income tax paid		(8)	(9)
Interest and other costs of finance paid		(16,411)	(21,494)
Net operating cash flows		**19,259**	**(27,620)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(29,888)	(22,447)
Proceeds from sale of property, plant and equipment		543	2,811
Payment for purchases of equity investments		-	(40)
Loans repaid by associates		3,350	3,250
Proceeds from sale of equity investments	9(c)	24,878	-
Payments for deferred programming costs		-	(1,081)
Other		(140)	-
Net investing cash flows		**(1,257)**	**(17,507)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments in relation to the issues of shares	13	(935)	-
Proceeds from borrowings		307	-
Premium on FX options		(223)	-
Repayments of finance lease principal		(812)	(1,792)
Repayment of borrowings	6(a)	(15,980)	-
Deferred financing costs		(2,643)	(11,352)
Net financing cash flows		**(20,286)**	**(13,144)**
Net (decrease) in cash held		**(2,284)**	**(58,271)**
Cash at the beginning of the financial year		32,500	103,173
CASH AT THE END OF THE FINANCIAL YEAR	7	**30,216**	**44,902**

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the Half-Year Financial Statements 30 June 2003

Note 1. Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Report of Austar United Communications Limited as at 31 December 2002. It is also recommended that the half-year financial report be considered together with any public announcements made by Austar United Communications Limited and its controlled entities during the half-year ended 30 June 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

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

The half-year financial report has been prepared in accordance with the historical cost convention using Australian Dollars as the reporting currency. Further, the financial report does not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

The same accounting policies have been consistently applied by the Company and each entity in the Consolidated entity in preparing the interim financial report as those applied in the preparation of the 2002 Annual Financial Report and previous corresponding interim reporting period other than as disclosed in Note 1(b). Changes in accounting policies.

As at 30 June 2003 the Consolidated entity has a deficiency in total equity of $232,033,000, net current liabilities of $51,847,000 and cash assets of $30,216,000. The ability of the Company and the Consolidated entity to continue as a going concern and to rectify the deficiency in total equity and extinguish its liabilities in the normal course of business is dependent on:

- The Company and the Consolidated entity being able to generate the cash flows they require enabling them to realise their assets and extinguish their liabilities in the normal course of business, and at the amounts stated in the financial report;
- The Company completing the Rights Offering (see Note 13. Subsequent events) to raise a minimum of $63,500,000 and repay a minimum of $15,875,000 of the Austar Entertainment Pty Limited $400 million Senior Secured Amortising Term Facility ("the Facility") before 30 September 2003. Failure to do so would result in a breach of a covenant to the Facility; and
- The Consolidated entity continuing to comply with the various covenants of the Facility.

The financial report does not take into account the changes that might be necessary to the carrying amounts and classification of the assets and the amount and classification of liabilities should the Company or the Consolidated entity not be able to generate the required cash flows from its operating and financing activities or meet the requirements of the Facility to enable it to continue as a going concern.

Note 1. Basis of preparation of the half-year financial report (continued):

(b) Changes in accounting policies:

Employee Benefits

The consolidated entity has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has been to increase consolidated accumulated losses and increase employee benefit liabilities at the beginning of the year by $180,000.

Note 2. Revenue:

	Note	Consolidated	
		June 2003	**June 2002**
		$'000	**$'000**
SALES REVENUE FROM ORDINARY ACTIVITIES:			
Subscription services		152,885	153,085
Licence fees		2,000	2,000
Advertising		3,895	4,601
Sale of goods		-	12,043
Other		201	636
Total sales revenue from ordinary activities		158,981	172,365
OTHER REVENUE:			
From operating activities			
Interest income from unrelated persons		1,023	1,726
Interest income from related persons		903	-
From outside operating activities			
Gross proceeds on sale of equity investment	9(c)	25,000	-
Gross proceeds on sale of controlled entity	8	-	-
Gross proceeds on sale of non-current assets		632	2,811
Fee for early termination of joint venture	3(d)	1,500	-
Total other revenue		29,058	4,537
TOTAL REVENUE FROM ORDINARY ACTIVITIES		**188,039**	**176,902**

Note 3. Operating profit / (loss) from ordinary activities before income tax expense:

Operating profit / (loss) from ordinary activities before income taxes includes the following specific expenses:

	Note	Consolidated	
		June 2003	June 2002
		$'000	$'000
EXPENSES FROM ORDINARY ACTIVITIES:			
Written down value of disposals:			
Property, plant & equipment		20	2,195
Foreign exchange gains and losses:			
Losses on foreign exchange		62	774
Operating, selling, general and administrative costs:			
Programming costs		65,902	75,530
Network and carriage costs		8,625	10,427
Cost of goods sold		-	8,049
Salaries and labour related costs		25,858	31,412
Advertising and marketing expenses		7,033	15,577
Billing and collection costs		4,510	5,408
Service and maintenance costs		4,197	5,349
Property and outgoings		2,491	2,992
Guide costs		3,930	4,175
Bad debts expense		2,626	4,400
Communications costs		888	2,011
Management fees		1,939	2,236
Business travel and related costs		565	733
Professional, consulting and registry fees		1,495	2,420
Loss on the write off of loans receivable from TVSN and the impact of the dilution of the Consolidated entity's interest in TVSN		-	9,080
Costs associated with early termination of joint venture	3(d)	1,086	-
Provision for additional costs associated with early termination of joint venture	3(d)	414	-
Provision for legal costs associated with sale of equity investment	3(b)	400	-
Net carrying value of entity at time of disposal	3(c), 8	600	-
Write off of deferred programming costs	3(e)	2,213	-
Other		1,842	1,827
Total Other Operating Expenses, excluding depreciation and amortisation		**136,696**	**184,595**

Note 3. Operating profit / (loss) from ordinary activities before income tax expense (continued):

	Note	Consolidated June 2003 $'000	June 2002 $'000
Depreciation and amortisation:			
Depreciation of:			
Plant and equipment		16,116	62,958
Amortisation of:			
Leased plant and equipment		155	387
Leasehold improvements		1,293	1,453
Operating licences		225	225
Goodwill		4,993	5,258
Deferred premium on FX options		544	-
Deferred handset subsidies		2,669	1,326
Total amortisation expense		**9,879**	**8,649**
EXPENSES FROM ORDINARY ACTIVITIES		**162,691**	**256,202**
Borrowing costs:			
Net interest expense payable to unrelated persons		13,776	17,004
Net interest expense payable to related persons		1,254	168
Finance charges related to capitalised leases		34	106
Amortisation of capitalised borrowing costs		2,135	678
TOTAL BORROWING COSTS		**17,199**	**17,956**

Note 3. Operating profit / (loss) from ordinary activities before income tax expense (continued):

SPECIFIC DISCLOSURE OF ITEMS INCLUDED ABOVE:

Significant items:

		Note	Consolidated June 2003 $'000	Consolidated June 2002 $'000
(a)	Loss on the write-off of loans receivable from TVSN and the impact of the dilution of the Consolidated entity's interest in TVSN		-	9,080
(b)	Proceeds from sale of equity investment	9(c)	(25,000)	-
	Provision for legal costs associated with sale of equity investment		400	-
	Net (gain) / loss		(24,600)	-
(c)	Proceeds on sale of controlled entity	8	-	-
	Net carrying value of entity		600	-
	Net (gain) / loss on sale of entity		600	-
(d)	Fee for early termination of joint venture		(1,500)	-
	Costs associated with early termination of joint venture		1,086	-
	Provision for additional costs associated with early termination of joint venture		414	-
	Net (gain) / loss		-	-
(e)	Write off of deferred programming costs		2,213	-
Total (gain) / loss from significant items			**(21,787)**	**9,080**

Expenses:

(f)	Write down of inventories to net realisable value		11	26

Gains:

(g)	Other gain on sale of property, plant & equipment includes the following:			
	- Proceeds on sale		(632)	(2,811)
	- Carrying value of assets sold		20	2,195
	Gain on sale		(612)	(616)

Note 4. Earnings per share:

	Consolidated	
	June 2003	**June 2002**
Basic and diluted earnings / (loss) per share	$ 0.01	$ (0.13)

	$'000	**$'000**
(a) Earnings / (loss) reconciliation		
Net profit / (loss)	8,723	(96,788)
Net loss attributable to outside equity interest	-	2,360
Basic and diluted earnings / (loss)	8,723	(94,428)

	Number	Number
(b) Weighted average number of ordinary shares	714,109,449	714,109,449

(c) Potential ordinary shares on conversion of options

There were no potential ordinary shares or diluted earnings adjustments that would decrease the profit or increase the loss per share as at 30 June 2003 as the option strike price exceeded fair value as at 30 June 2003.

Subsequent to reporting date, the Company announced a fully under written pro-rata renounceable Rights Issue (see Note 13. Subsequent events). The effect of the Rights Issue is that issued capital will increase by approximately 469,811,000 ordinary shares. These shares have not been included in the calculation of earnings / (loss) per share noted above.

Note 5. Segment information:

Primary reporting - business segments

	Subscription Services		Other		Inter-segment eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External Segment Revenue	158,981	159,920	-	12,445	-	-	158,981	172,365
Inter- Segment Revenue	-	240	-	-	-	(240)	-	-
Total Segment Revenue	158,981	160,160	-	12,445	-	(240)	158,981	172,365
Unallocated revenue							29,058	4,537
Total Revenue							188,039	176,902
Result								
Segment Result	(18,409)	(87,896)	-	(4,817)	-	-	(18,409)	(92,713)
Shares of net profits/(losses) of associates & joint ventures							574	468
Unallocated revenue less unallocated expenses							26,558	(4,543)
Net profit / (loss) from ordinary activities							8,723	(96,788)
Items of revenue and expense included in net profit / (loss) from ordinary activities:								
Depreciation & amortisation	(21,002)	(65,355)	-	(994)			(21,002)	(66,349)
Amortisation of goodwill	(4,993)	(5,258)	-	-			(4,993)	(5,258)
Individually significant items:								
Loss on the write-off of loans receivable from TVSN and the impact of the dilution of the Consolidated entity's interest in TVSN							-	(9,080)
Sale of equity investment								
Proceeds from sale of equity investment							25,000	-
Provision for legal costs associated with sale of equtiy investment							(400)	-
Net carrying value of entity							(600)	-
Joint venture termination								
Fee for early termination of joint venture							1,500	-
Costs associated with early termination of joint venture							(1,086)	-
Provision for additional costs associated with early termination of of joint venture							(414)	-
Write off of deferred programming costs	(2,213)	-					-	-
	(2,213)	-					24,000	(9,080)
Inventory write-down	11	26					11	26

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

Subscription services represents the Company's Australian subscription television distribution operations, internet, interactive television and mobile telephony operations and other Australian controlled entities which derive licence fee income. The directors consider that the Consolidated entity operates in one principal business segment as the services and their subscribers are similar in nature and use similar methods to acquire and service those subscribers.

Other represents the results of TVSN which sells merchandise within Australia, consolidated to the date of dilution, 19 June 2002.

Unallocated revenue and expenses include passive income derived from monies on deposit, and significant gains or losses on the sale and/or de-consolidation of investments.

The Consolidated entity operates in one main geographical area, being Australia.

Note 6. Financing facilities:

(a) Austar Entertainment Pty Limited $400 million Senior Secured Amortising Term Facility

On 25 March 2002 Austar Entertainment Pty Limited ("Austar Entertainment" or “the Borrower”) completed the restructuring of the Facility. Pursuant to that restructuring of the Facility, the Company and certain of its controlled entities agreed to cross-guarantee the Borrower's obligations. In addition, the Company and substantially all of its controlled entities contributed their assets as security for the Facility. The assets contributed are in addition to the assets of CTV Pty Limited and STV Pty Limited and their subsidiaries that were granted previously.

On 17 April 2003 the Consolidated entity concluded further negotiations in relation to the Facility and received a waiver in relation to a previous Minimum Subscriber covenant breach and approval for the Company to undertake a Rights Offering in the third quarter of 2003. (See also Note 13. Subsequent events).

The Facility is repayable pursuant to an amortisation schedule beginning 31 March 2005 and ending 31 December 2006. In addition, mandatory prepayment is required in the following circumstances:

- from and including 1 January 2003, an amount equal to 50% of Excess Cashflow (as defined in the agreement) for the preceding financial year;
- 100% of net proceeds from the sale or disposition of property (in excess of agreed replacement cost), 65% of the gross proceeds from the sale of the 3.4GHz spectrum to Unwired Limited, disposals of which consideration does not exceed $500,000 (up to a maximum of $5,000,000 in any 12 month period) and sale of the Data Business on arm's length terms and for fair market value, business or sales of shares in a subsidiary or 65% of the net proceeds from the sale of shares in XYZ Entertainment Pty Limited or TelstraClear Limited; and
- 25% of any proceeds of any equity issuance and 50% of any proceeds of any subordinated debt issuance excluding proceeds to be invested in TelstraClear Limited.

During the period the Consolidated entity repaid $15,980,000 of the Facility permanently reducing the Facility by that amount.

The Facility bears interest at the bank bill swap rate (BBSW) plus a margin ranging from 2.00% to 3.00% based upon certain debt to cash flow ratios and is fully drawn.

(b) United Contingent Cash Account

Pursuant to the restructuring of the Facility in 2002, United AUN, Inc. ("United"), a Colorado based company that is a subsidiary of UnitedGlobalCom, Inc., a shareholder in the Company, deposited $30,000,000 into a "contingent cash account" (the "United Contingent Cash Account") as security for the Facility.

As at 30 June 2003, the Consolidated entity had not drawn on these funds. Accordingly no asset or liability is recorded by the Consolidated entity in relation to the United Contingent Cash Account as at 30 June 2003. As at 30 June 2003, these funds had grown to $31,796,000. (See also Note 13. Subsequent events).

Note 6. Financing facilities (continued):

(b) United Contingent Cash Account (continued)

The terms of this account and the terms on which it can be drawn upon are governed by the United Contingent Cash Account Deposit Deed. The money deposited in the United Contingent Cash Account is available to pay:

- operating and other expenses of the Obligor Group contemplated by its long-range business plan; or
- that part of the debt under the Facility then due for payment (including principal, interest and fees).

The Company can withdraw money from the United Contingent Cash Account for these purposes once certain other sources of funding have been exhausted or with United's written consent.

Note 7. Notes to the Statement of Cash Flows:

(a) Cash assets

Cash assets includes an amount of $10,784,000, which is held in a collateral account ("the AUN Contingent Cash Account") as security for the Facility. The terms on which this account can be drawn upon are governed by the Facility and the money in the account is available to pay:

- operating and other expenses as contemplated by the Consolidated entity's long range plan approved by the Syndicate Banks party to the Facility; and
- that part of the debt under the Facility then due for payment (including principal, interest and fees).

Under the Facility, the Consolidated entity must maintain a specified minimum balance for the AUN Contingent Cash Account. The specified minimum is:

- from completion of the Rights Issue to 30 March 2005 – $24.0 million;
- from and including 31 March 2005 to 29 June 2005 – $20.0 million;
- from and including 30 June 2005 to 29 September 2005 – $15.0 million;
- from and including 30 September 2005 to 30 March 2006 – $10.0 million;
- from and including 31 March 2006 to 29 September 2006 – $5.0 million; and
- from and including 30 September 2006 – $2.0 million.

Should the account balance fall below the then current specified minimum amount the Consolidated entity must deposit all cash received into that account until such time as the account equals the then current specified minimum amount. (see also Note 13. Subsequent events).

Note 7. Notes to the Statement of Cash Flows (continued):

(b) Non-cash financing and investing activities

Divestment of interest in Massive Media

On 12 April 2002 a subsidiary of the Company disposed of its 50% interest in Massive Media Pty Limited. As consideration, the purchaser will provide services to that subsidiary to a value of $1.1 million over a period not exceeding three years from the date of disposal.

Dilution of interest in TVSN Limited

On 19 June 2002 the Consolidated entity's interest in TVSN Limited was diluted from 51.0% to 22.2%. The results of TVSN Limited have been consolidated with those of the Company up to 19 June 2002.

In December 2002 TVSN Limited issued approximately 13,294,732 shares further diluting the Consolidated entity's interest to 20.7%.

Note 8. Change in composition of entity

Effective 3rd June 2003 the Consolidated entity sold The Weather Channel Australia Pty Limited for consideration of $10. The Consolidated entity incurred a loss on sale of $600,000.

Note 9. Associated entities:

(a) Interests in associated entities

Details of material interests in associated companies are as follows:

		Ownership Interest			Carrying Value	
Name of Associated Company	**Principal Activity of Associated Company**	**June 2003 %**	**Dec 2002 %**	**Balance Date**	**June 2003 $'000**	**Dec 2002 $'000**
XYZ Entertainment Pty Limited ("XYZ")	Supply of subscription television programming	50%	50%	30 June	35,364	38,191
TelstraClear Limited	Provider of telephony, subscription television, and data services	-	41.6%	30 June	-	-
TVSN Limited (i)	Provider of home shopping network	20.7%	20.7%	30 June	-	-
Main Event Television Pty Limited	Supply of subscription television programming	33.3%	33.3%	30 June	-	-

(i) The Consolidated entity's investment in TVSN Limited comprises 26,736,854 shares and a $20 million non-interest bearing convertible note. The convertible note will automatically convert into 1,333,333 shares in TVSN Limited on 19 October 2005. As at 30 June 2003 the market value of the shares in TVSN Limited was approximately $5,882,000.

Note 9. Associated entities (continued):

(b) Share of associates' results

	Consolidated	
	June 2003	June 2002
	$'000	$'000
Share of associates operating profit before income tax	1,939	2,073
Share of associates income tax expense attributable to operating profit	-	-
Share of associates net profit as disclosed by associates	1,939	2,073
Adjustments:		
Amortisation of goodwill arising from investment	(1,365)	(1,605)
Share of associates net profit included in the Statement of Financial Performance	574	468

(c) Disposal of investment in TelstraClear Limited

On 25 March 2003 the Consolidated entity completed the sale of its interest in TelstraClear Limited to Telstra Corporation for gross proceeds of $25,000,000. The Consolidated entity recorded a gain on sale in the amount of $24,600,000 after incurring incidental costs in the amount of $400,000.

Pursuant to the terms of the Facility 65% of the net proceeds on the disposal of the shares in TelstraClear Limited were used to retire debt and accordingly $15,980,000 of the Facility was repaid on 24 April 2003.

Note 10. Accumulated losses:

Reconciliation of accumulated losses	**As at 30 June 2003 $ 000's**	**As at 31 December 2002 $ 000's**
Balance at beginning of the half year	(1,243,774)	(1,207,221)
Net profit / (loss) attributable to members of the Company	8,723	(36,553)
Adjustment from adoption of revised accounting standard AASB 1028	(180)	-
Balance at end of the half year	(1,235,231)	(1,243,774)

Note 11. Dividends:

No dividends of the Company have been paid, declared or recommended during the half year ended 30 June 2003.

Note 12. Contingent assets and liabilities:

Other than as disclosed below there has been no material change of any contingent assets or contingent liabilities since the last annual reporting date.

The Consolidated entity is involved in two litigation matters which may be material to the results of the Consolidated entity. Both of these matters involve former senior executives pursuing claims against a subsidiary of the Company in relation to the termination of their employment in the New South Wales Industrial Relations Commission, seeking payment for alleged equity and option interests. These matters are still in preliminary litigation stages. No assurance can be made as to the final outcome of these matters at this time. The Directors are of the opinion, based on legal advice, that no provision is required as at 30 June 2003.

Note 13. Subsequent events:

Rights Offering

On 14th July 2003 the Company announced a fully underwritten pro rata renounceable Rights Issue to raise gross proceeds of approximately $75,170,000.

Pursuant to the terms of the Facility 25% of the gross proceeds (approximately $18,793,000) from the Rights Offering are to be used to permanently reduce advances under the Facility.

Approximately $10,000,000 of the proceeds from the Rights Offering will be used to pay accrued expenses and interest accrued thereon, due to United Austar, Inc.. Approximately $731,000 will be paid by a wholly-owned subsidiary of the Company to United AUN to acquire Convertible Notes issued by the Company (including interest accrued on the notes acquired).

United AUN, Inc. intends to withdraw funds from the United Contingent Cash Account and provide those funds to United Austar, Inc. ("UAI") to enable UAI to subscribe for shares under the underwriting arrangements. Following the completion of the Rights Issue, the funds in the United Contingent Cash Account will cease to exist, having been used to subscribe for equity in the Company.

After completion of the Rights Issue, 'Cash assets' will include $24.0 million held in the AUN Contingent Cash Account the use of which is subject to the terms of the Facility (see also Note 6. Financing facilities).

Directors' declaration

The directors declare that:

(a) the financial statements and associated notes, set out on pages 6 to 20, comply with the accounting standards in Australia and Corporations Regulations 2001;

(b) the financial statements and notes give a true and fair view of the financial position as at 30 June 2003 and performance of the Consolidated entity for the half-year then ended;

(c) in the directors' opinion;

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

  (ii) the financial statements and notes are in accordance with the Corporations Act 2001, including sections 296 and 297.

Made in accordance with a resolution of the directors:

Director

Director

Sydney
14 August 2003

Independent review report to the members of Austar United Communications Limited

Scope

We have reviewed the financial report of Austar United Communications Limited ("the Company") for the half-year ended 30 June 2003 in the form of Appendix 4D of the Australian Stock Exchange Listing Rules, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration, set out on pages 6 to 21.

The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. 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.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austar United Communications 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 30 June 2003 and of its performance for the half-year ended on that date; and

  ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Roger Amos

Roger M Amos
Partner

Place: Sydney

Date: 14 August 2003

Other information

Summarised financial information for the six months ended 30 June 2003

	Six Months Ended				Three Months Ended			
	Jun-03 $ 000's	Jun-02 $ 000's	Change $ 000's	%Change	Jun-03 $ 000's	Jun-02 $ 000's	Change $ 000's	%Change
Statement of Financial Performance								
Total Service and Other Revenue	**158,981**	**159,920**	**(939)**	**(1)%**	**79,238**	**81,276**	**(2,038)**	**(3)%**
Programming and Communications Expenses	(78,457)	(90,132)	11,675	13%	(37,699)	(43,533)	5,834	13%
Gross Margin	**80,524**	**69,788**	**10,736**	**15%**	**41,539**	**37,743**	**3,796**	**10%**
Operating Expenses	(34,013)	(44,917)	10,904	24%	(16,683)	(23,248)	6,565	28%
General and Administrative Expense	(16,942)	(19,420)	2,478	13%	(8,933)	(11,160)	2,227	20%
Management Fees	(1,939)	(2,236)	297	13%	(932)	(1,085)	153	14%
Earnings/(Operating Loss) before interest, taxation depreciation and amortisation	**27,630**	**3,215**	**24,415**	**NM**	**14,991**	**2,250**	**12,741**	**NM**
Depreciation	(21,002)	(65,355)	44,353	68%	(9,617)	(30,892)	21,275	69%
Other Amortisation	(4,993)	(5,258)	265	5%	(2,493)	(2,629)	136	5%
Operating Profit/(Loss) before interest and taxation	**1,635**	**(67,398)**	**69,033**	**102%**	**2,881**	**(31,271)**	**34,152**	**109%**
Interest Expense, net	(15,273)	(15,918)	645	4%	(8,458)	(8,233)	(225)	(3)%
Significant items	21,787	(9,080)	30,867	NM	(31)	(9,080)	9,049	NM
Operating Profit/(Loss) before taxation	**8,149**	**(92,396)**	**100,545**	**NM**	**(5,608)**	**(48,584)**	**42,976**	**NM**
Income tax (expense) / benefit	0	0	0	NM	0	0	0	NM
Operating Profit/(Loss) after income tax	**8,149**	**(92,396)**	**100,545**	**NM**	**(5,608)**	**(48,584)**	**42,976**	**NM**
Share of Associate Profits/(Losses)	574	(2,032)	2,606	NM	(401)	(1,204)	803	NM
Outside Equity Interest	0	0	0	NM	0	0	0	NM
Operating Profit/(Loss)	**8,723**	**(94,428)**	**103,151**	**NM**	**(6,009)**	**(49,788)**	**43,779**	**NM**

To assist the reader in comparing the results of the Consolidated entity for the current period with those of the previous corresponding period the results of TVSN Limited for the previous corresponding period have been deconsolidated from those of the company and accounted for using the equity method of accounting.

Subscriber information

	Six Months Ended				Three Months Ended			
	Jun-03	Jun-02	Change	%Change	Jun-03	Mar-03	Change	%Change
Television								
Total Revenue - $ 000's	144,198	146,347	(2,149)	(1.5)%	72,130	72,068	62	0.1%
Gross Margin - $ 000's	72,334	59,908	12,426	20.7%	37,182	35,152	2,030	5.8%
- %	50.16%	40.94%	9.22%	22.5%	51.55%	48.78%	2.77%	5.7%
Subscribers	407,270	417,196	(9,926)	(2.4)%	407,270	406,545	725	0.2%
Penetration per ending subscribers - %	19.55%	20.03%	(0.48)%	(2.4)%	19.55%	19.52%	0.03%	0.2%
Avg Monthly revenue per avg RGU	$ 53.94	$ 53.67	$ 0.27	0.5%	$ 53.85	$ 53.83	$ 0.02	0.0%
Churn %	1.98%	2.79%	(0.81)%	29.0%	1.93%	1.98%	(0.05)%	2.5%