Australian Leisure and Hospitality Group Limited

ABN 37 067 391 511

Half Year ended 31 December 2003

Appendix 4D

Results for Announcement to the Market

		Up/ Down	Percentage	$A'000
Revenue from ordinary activities (excluding interest revenue)		Up	8.1%	487,336
Earnings before Interest, Tax Depreciation, Amortisation and Rent (EBITDAR)		Up	11.3%	89,941
Rental Expense		Down	7.6%	28,882
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)		Up	23.3%	61,059
Depreciation		Up	203.9%	14,083
Amortisation		Up	7.7%	1,066
Earnings before Interest and Tax (EBIT)		Up	4.6%	45,910
Interest Income		Down	91.7%	2,456
Borrowing Costs		Up	100%	1,125
Income Tax relating to Ordinary Activities		Up	100%	9,214
Profit from ordinary activities after tax attributable to members		Down	48.2%	38,027
Net profit for the period attributable to members		Down	48.2%	38,027

Dividends/ distributions	Amount per security	Franked amount per security
Interim Dividend	1.8 cents	1.8 cents

Record date for determining entitlements to the interim dividend

5 March, 2004

Explanation of the figures reported above:

- This release represents Australian Leisure and Hospitality Group Limited's (ALH Group Limited) first half year announcement to the ASX since listing on 7 November, 2003.
- In view of the matters outlined below, the statutory results for the half year ended 31 December, 2003 are not directly comparable to either the corresponding half year ended 31 December, 2002 or the ALH Group Limited Prospectus dated 19 September, 2003 (the Prospectus) which was prepared on a proforma basis as if the share offer, associated capital raising and repayment of debt owing to Foster's Group Limited (Foster's Group) occurred effective 1 July, 2003.
- A more meaningful comparison is set out in the ALH Group Limited Supplementary Investor Report available at www.alhgroup.com.au. The Supplementary Report provides comparable revenue and EBITDAR for the period ended 31 December, 2003 and 31 December, 2002 and normalises the half year profit result (and cash flow from operating activities) to enable comparison with the Prospectus forecast.

Matters Impacting Comparability

- Revenue from ordinary activities has been impacted by the following:
  - the operating revenues of 6 pubs were reflected in other Foster's Group entities for the period until December 2002. These pubs were transferred to ALH Group Limited on 31 December 2002 and hence their operating results are reflected in the ALH Group Limited accounts for the half year ended December 2003.
  - due to the company's adoption of a 4-4-5 reporting period, the half year ended 31 December, 2003 reports 26 weeks operations (30 June 2003 - 28 December 2003), whereas the corresponding period ended 31 December, 2002 includes 27 weeks operations (24 June 2002 - 29 December 2002).
- EBITDAR and Profit from ordinary activities after tax expense have been respectively impacted by the following:
  - as disclosed in the Prospectus, the company has incurred non recurring expenses associated with its separation from Foster's Group and its listing.
  - the operating expenses of the 6 pubs reflected in other Foster's Group entities for the period until December 2002. As noted, these pubs were transferred to ALH Group Limited on 31 December 2002 and hence their operating results are reflected in the ALH Group Limited accounts for the half year ended December 2003
  - structural change of the company associated with its listing, which had the effect of:
    - increasing depreciation charges associated with the transfer in May, 2003 of non integral property, plant and equipment from Foster's Group to the entity;
    - reducing interest income received from Foster's Group Treasury. Interest income was previously received from Foster's Group due to interest bearing receivables owed to ALH.
    - raising of debt by ALH Group Limited and the associated recognition of borrowing costs;

- net reduction in rental expense due to:
  - transfer of non integral property, plant and equipment from Foster's Group to ALH Group Limited
  - new leasehold arrangements with ALE Property Group from November 2003
- recognition of income tax expense. As a result of the Foster's Group tax consolidation regime, no income tax expense was booked in the accounts of ALH Group Limited for the half year ended 31 December 2002. The December 2003 expense represents the reinstatement of the deferred tax balances upon separation, the tax expense on exit from the Foster's Group, and the provision for income tax for the period ended December 2003.

In addition to the factors noted above, operational factors contributing to the result include the following: :

- strong growth in on-premise activities, driven by the venue refurbishment program and ongoing review of food operations.
- competing influences of strong growth in Queensland gaming revenue and the adverse impact of the introduction of smoking bans in Victorian gaming rooms from 1 September, 2002 and increased gaming taxes in South Australia from 1 January, 2003.
- positive net impact of acquisitions, greenfield developments and disposals during the 2003 financial year.
- revenue from Venue Redevelopment associated with one Sunshine Coast property.

Australian Leisure and Hospitality Group Limited

Half year ended 31 December 2003

Supplementary Appendix 4D Information

NTA Backing

	2003 cents	2002 dollars
Net Tangible asset backing per ordinary share	5.39	72,554,000

The net tangible asset backing amounts per ordinary share is based on the following share allocation:

- December 2002: 2 shares
- December 2003: 352,500,000 shares

Controlled entities acquired or disposed of

Disposed of	Hotel (FP) Pty Ltd
Date	8 August 2003

Additional dividend information

Details of dividend declared or paid during or subsequent to the half year ended 31 December 2003 are as follows:

Record Date	Payment Date	Type	Amount per security	Total dividend $	Franked amount per security	Foreign sourced dividend amount per security
3 November 2003	3 November 2003	Interim	65.12 cents	229,562,694	-	-
5 November 2003	5 November 2003	Interim	1.70 cents	5,999,947	-	-

Dividend Reinvestment Plan

The company has a dividend reinvestment plan but has not sought participation from shareholders.

Australian Leisure and Hospitality Group Limited

(formerly ALH Group Pty Ltd)

ABN 37 067 391 511

Half year report – 31 December 2003

Contents

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Australian Leisure and Hospitality Group Limited Prospectus dated 19 September, 2003 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Australian Leisure and Hospitality Group Limited
Directors' Report

Your directors present their report on the consolidated entity consisting of Australian Leisure and Hospitality Group Limited (ALH Group Limited) and the entities it controlled at the end of, or during the half year ended 31 December 2003.

Directors

G.D. Rankin was a director of the company during the whole of the financial period and up to the date of this report.

F.A. McDonald, J.P. Schmoll and P.L. Polson were appointed as directors on 31 October 2003 and continue in office at the date of this report.

R. K. Dudfield and V. T. Cain were directors until they resigned on 5 September 2003.

J. F. Bresnan and J. A. Russell were appointed as directors on 5 September 2003 and resigned on 5 November 2003.

Principal activities and review of operations

The consolidated entity's principal continuing activities during the half year consisted of the operation and management of pubs; including gaming, on-premise pub operations, off-premise retail liquor outlets and associated venue redevelopment activities.

Revenues for the consolidated entity have increased by 8.1% to $487.3million, whilst profit from ordinary activities before related income tax expense decreased by 35.7% to $47.2million.

In view of the matters outlined below, however, the statutory results for the half year ended 31 December, 2003 are not directly comparable to the corresponding half year ended 31 December, 2002.

The principal factors impacting comparability include:

- Revenue from ordinary activities has been impacted by the following:
    - the operating revenues of 6 pubs were reflected in other Foster's Group Limited (Foster's Group) entities for the period until December 2002. These pubs were transferred to ALH Group Limited on 31 December 2002 and hence their operating results are reflected in the ALH Group Limited accounts for the half year ended December 2003.
    - due to the company's adoption of a 4-4-5 reporting period, the half year ended 31 December, 2003 reports 26 weeks operations (30 June 2003 - 28 December 2003), whereas the corresponding period ended 31 December, 2002 includes 27 weeks operations (24 June 2002 - 29 December 2002).
- EBITDAR and Profit from ordinary activities after tax expense have respectively been impacted by the following:
    - as disclosed in the ALH Group Limited Prospectus dated 19 September, 2003 (the Prospectus), the company has incurred non recurring expenses associated with its separation from Foster's Group and its listing.
    - the operating expenses of the 6 pubs reflected in other Foster's Group entities for the period until December 2002. As noted, these pubs were transferred to ALH Group Limited on 31 December 2002 and hence their operating results are reflected in the ALH Group Limited accounts for the half year ended December 2003
    - structural change of the company associated with its listing, which had the effect of:
        - increasing depreciation charges associated with the transfer in May, 2003 of non integral property, plant and equipment from Foster's Group to the entity;
        - reducing interest income received from Foster's Group Treasury. Interest income was previously received from Foster's Group due to interest bearing receivables owed to ALH.

Australian Leisure and Hospitality Group Limited
Directors' Report

- raising of debt by ALH Group Limited and the associated recognition of borrowing costs;
- net reduction in rental expense due to:
    - transfer of non integral property, plant and equipment from Foster's Group to ALH Group Limited
    - new leasehold arrangements with ALE Property Group from November 2003
- recognition of income tax expense. As a result of the Foster's Group tax consolidation regime, no income tax expense was booked in the accounts of ALH Group Limited for the half year ended 31 December 2002. The December 2003 expense represents the reinstatement of the deferred tax balances upon separation, the tax expense on exit from the Foster's Group, and the provision for income tax for the period ended December 2003.

In addition to the factors noted above, operational factors contributing to the result include the following:

- strong growth in on-premise activities, driven by the venue refurbishment program and ongoing review of food operations;
- competing influences of strong growth in Queensland gaming revenue and the adverse impact of the introduction of smoking bans in Victorian gaming rooms from 1 September, 2002 and increased gaming taxes in South Australia from 1 January, 2003;
- positive net impact of acquisitions, greenfield developments and disposals during the 2003 financial year;
- revenue from Venue Redevelopment associated with one Sunshine Coast property.

Events subsequent to the reporting date

At the date of this report, there is no matter or circumstance which has arisen since 31 December 2003 that has significantly affected, or may significantly affect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

The report is made in accordance with a resolution of the directors.

Dated at Melbourne this 19th day of February 2004

F.A McDonald Director	G.D Rankin Director

Australian Leisure and Hospitality Group Limited
Financial report – 31 December 2003

Contents

This financial report covers the consolidated entity consisting of Australian Leisure and Hospitality Group Limited and its controlled entities.

Australian Leisure and Hospitality Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

77 Southbank Boulevard
Southbank Vic 3006

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1 and 2.

Australian Leisure and Hospitality Group Limited and its controlled entities

Consolidated statement of financial performance

As at 31 December 2003

	Notes	2003 $'000	2002 $'000
Revenue from ordinary activities (excluding interest revenue)	3	**487,336**	450,700
Purchases/changes in inventory		**(215,889)**	(204,602)
Promotions, advertising and entertainment		**(19,959)**	(19,558)
Employee related costs		**(109,419)**	(102,372)
Property service costs		**(20,167)**	(18,136)
Carrying amount of assets disposed		**(2,151)**	(216)
Other expenses		**(29,810)**	(25,017)
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)		**89,941**	80,799
Rental expense		**(28,882)**	(31,273)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**61,059**	49,526
Depreciation	4	**(14,083)**	(4,634)
Amortisation	4	**(1,066)**	(990)
Earnings before interest and tax (EBIT)		**45,910**	43,902
Interest income	3	**2,456**	29,559
Borrowing costs		**(1,125)**	-
Profit from ordinary activities before related income tax expense		**47,241**	73,461
Income tax expense relating to ordinary activities		**(9,214)**	-
Profit from ordinary activities after income tax expense		**38,027**	73,461
Net profit after income tax attributable to members of Australian Leisure and Hospitality Group Limited		**38,027**	73,461
Total changes in equity attributable to members of Australian Leisure and Hospitality Group Limited other than those resulting from transactions with owners as owners		**38,027**	73,461
		Cents	**$'000**
Basic earnings per share	8	19.3	36,731

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Australian Leisure and Hospitality Group Limited and its controlled entities

Consolidated statement of financial position
As at 31 December 2003

	Notes	2003 $'000	2002 $'000
Current assets			
Cash		**47,687**	66,505
Receivables		**12,313**	1,586,383
Inventories		**40,435**	48,193
Other		**1,269**	421
Total current assets		**101,704**	1,701,502
Non-current assets			
Property, plant and equipment		**114,848**	38,566
Intangible assets		**532,169**	31,465
Deferred tax assets		**7,615**	-
Total non-current assets		**654,632**	70,031
Total assets		**756,336**	1,771,533
Current liabilities			
Payables		**53,362**	1,574,181
Current tax liabilities		**6,406**	-
Provisions		**13,004**	13,295
Total current liabilities		**72,772**	1,587,476
Non-current liabilities			
Interest bearing liabilities		**125,000**	-
Deferred tax liabilities		**757**	-
Provisions		**6,632**	7,484
Total non-current liabilities		**132,389**	7,484
Total liabilities		**205,161**	1,594,960
Net assets		**551,175**	176,573
Equity			
Contributed equity	6	**5,000**	-
Reserves		**491,450**	-
Retained profits		**54,725**	176,573
Total equity		**551,175**	176,573

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Leisure and Hospitality Group Limited and its controlled entities

Consolidated statement of cash flows

For the half year ended 31 December 2003

	2003 $'000	2002 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax and gaming tax)	**707,968**	673,860
Payments to suppliers, employees, principals and governments (inclusive of goods and services tax and gaming tax)	**(598,081)**	(600,074)
Interest received	**2,456**	29,558
Interest paid	**(43)**	-
Income tax paid	**-**	(33,416)
Net cash inflows from operating activities	**112,300**	69,928
Cash flows from investing activities		
Payments for plant and equipment	**(11,837)**	(8,518)
Proceeds from sale of plant and equipment	**1,539**	197
Payments for purchases of Pubs and controlled entities, net of cash acquired	**-**	(10,644)
Net cash outflows from investing activities	**(10,298)**	(18,965)
Cash flows from financing activities		
Proceeds from external borrowings	**150,000**	-
Repayments of external borrowings	**(25,000)**	-
Dividends paid	**(235,563)**	-
Net cash flows on behalf of other Foster's Group entities	**30,455**	(16,526)
Net cash outflows from financing activities	**(80,108)**	(16,526)
Net increase in cash held	**21,894**	34,437
Cash at the beginning of the period	**25,793**	32,068
Cash at the end of the period	**47,687**	66,505

The above consolidated statement of cash flows should be read in conjunction with note 9.

Note 1. Basis of preparation of half year financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: *Interim Financial Reporting,* other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Australian Leisure and Hospitality Group Limited Prospectus dated 19 September, 2003 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year.

(a) Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Australian Leisure and Hospitality Group Limited ("company" or "parent entity") at the end of the half year and the results of all controlled entities for the year then ended. Australian Leisure and Hospitality Group Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "group". The effects of all transactions between entities in the consolidated entity are eliminated in full.

(b) Income tax
Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

ALH Group Limited entered the Foster's Group tax consolidated group for income tax purposes, effective on and from 1 July 2002. At this point, all tax assets and liabilities of ALH Group Limited were transferred to Foster's Group until such time as ALH Group Limited exited or ceased to be a member of the consolidated group. A tax sharing agreement (TSA) was also entered into by all entities within the group.

As a result of the float of ALH Group Limited as a separate listed entity, ALH Group Limited exited the Foster's Group tax consolidated group on 5 November 2003, taking with it its share of tax assets and liabilities. Exit from the group also resulted in ALH Group Limited contributing $9.6m to the head entity (Foster's Group). This payment ensured ALH Group Limited could leave the consolidated group clear of any liability with Foster's Group under the terms of the TSA.

(c) Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(d) Basic earnings per share
Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 1. Summary of significant accounting policies (continued)

(e) Revenue recognition

Amounts disclosed as revenue are net of customer returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Operational revenue – gaming revenue

A sale is recorded as customers operate the gaming machines.

(ii) Operational revenue – on and off premise revenue other than gaming revenue

A sale is recorded when the goods and services have been provided to a customer.

(iii) Venue redevelopment and sale

Venue redevelopments are recognised when the development work has commenced, there is a signed unconditional contract of sale and it is clear that the development profits will be received.

Note 2. Segment information

Business segments
The consolidated entity's principal continuing activities during the half year consisted of the operation and management of pubs; including gaming, on-premise pub operations, off-premise retail liquor outlets and associated venue redevelopment activities.

It is not meaningful to allocate certain costs because of the interdependence of the business segments. Consequently these costs are not allocated, identified or reported separately.

The assets of the consolidated entity are managed at the pub level and not by business segment and therefore are not allocated, identified or reported by business segment. .

Geographical segments
The company operates in one geographical segment, being Australia.

	Revenue (excluding interest revenue)		EBITDAR	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Gaming	98,138	94,589	75,289	71,965
On-Premise	163,376	144,286	48,195	40,860
Retail Liquor	219,746	211,628	24,124	22,437
Venue Redevelopment	5,039	197	2,887	(19)
Unallocated	1,037	-	(60,554)	(54,444)
Consolidated	487,336	450,700	89,941	80,799

	Total Assets		Total Liabilities		Acquisitions of property, plant & equipment and intangibles		Depreciation and amortisation		Other non-cash expenses	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gaming	-	-	-	-	-	-	-	-	-	-
On-Premise	-	-	-	-	-	-	-	-	-	-
Retail Liquor	-	-	-	-	-	-	-	-	-	-
Venue Redevelopment	-	-	-	-	-	-	-	-	-	-
Unallocated	756,336	1,771,533	205,161	1,594,960	11,837	19,162	15,149	5,624	5,869	6,142
Consolidated	756,336	1,771,533	205,161	1,594,960	11,837	19,162	15,149	5,624	5,869	6,142

Business Segments

Gaming
Operation of electronic gaming machines (EGMs) at venues .

On-Premise
Provision of on-premise entertainment including bars, food and accommodation.

Retail Liquor
Provision of retail liquor for off-premise consumption.

Venue Redevelopment
Activities associated with the redevelopment of venues.

Note 3. Revenue

	2003 $'000	2002 $'000
Revenue from operating activities		
Sale of goods and services	**472,233**	441,671
Rental	**1,174**	845
Commissions	**4,429**	4,229
Other	**3,424**	3,758
Total revenue from venue operations	**481,260**	450,503
Property and venue redevelopment	**5,039**	197
Total revenue from operating activities	**486,299**	450,700
Revenue from outside the operating activities		
Sale of subsidiary to Foster's Group entity	**1,037**	-
Total revenue from outside operating activities	**1,037**	-
Total revenue from ordinary activities (excluding interest revenue)	**487,336**	450,700
Interest income	**2,456**	29,559
	489,792	480,259

Note 4. Profit from ordinary activities

	2003 $'000	2002 $'000
Profit from ordinary activities prior to income tax expense includes the following specific net gains and expenses		
Net gains		
Net gains on property and venue redevelopments	**2,887**	-
Expenses		
Cost of sales of goods	**(222,164)**	(222,646)
Depreciation of:		
Leasehold buildings and improvements	**(1,486)**	(49)
Plant and equipment	**(12,597)**	(4,585)
Amortisation of goodwill	**(1,066)**	(990)
Doubtful debts	**263**	90
Bad debts	**(32)**	(45)
Net loss on property and venue redevelopments	**-**	(19)
Provision for employee entitlements	**(5,230)**	(5,759)
One off non recurring costs (separation and listing fees)	**(3,606)**	-

	2003 $'000	2002 $'000

Note 5. Dividends

Ordinary shares

	2003 $'000	2002 $'000
Dividends provided for or paid during the half year, unfranked	**235,563**	-

Dividends not recognised at the end of the half year

	2003 $'000	2002 $'000
Since the end of the half year the directors have recommended the payment of an interim dividend of 1.8 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed interim dividend expected to be paid on 31 March, 2004 out of retained profits at the end of the half year, but not recognised as a liability, is:	**6,345**	

Note 6. Contributed equity

	No. of shares		**Contributed equity**	
	2003 Shares	2002 Shares	**2003 $**	2002 $
Issues of ordinary shares during the half year				
Balance of shares at 30 June	**2**	2	**2**	2
Share split on 19 September	**352,499,998**	**-**	**-**	-
Capital injection by parent on 31 October	**1**	**-**	**4,999,998**	-
Share consolidation on 31 October	**(1)**	**-**	**-**	-
Balance of shares at 31 December	**352,500,000**	2	**5,000,000**	2

Note 7. Events subsequent to reporting date

At the date of this report, there is no matter or circumstance which has arisen since 31 December 2003 that has significantly affected, or may significantly affect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future financial years.

Note 8. Earnings per share

	2003	2002
	cents	$'000
Basic earnings per share	**19.3**	36,731

	2003	2002
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**197,323,370**	2

	$'000	$'000
Earnings used in calculating basic earnings per share		
Net profit	**38,027**	73,461

Note 9. Movements in statement of cash flows

The following describes the major movements in the net cash flows from operating activities for the half year ended December 2002 and December 2003:

(a) receipts from customers:
   i. the increase in receipts from customers is a result of strong growth in on-premise activities driven by the venue refurbishment program and ongoing review of food operations;
   ii. operating revenue of 6 Pubs were reflected in other Foster's Group entities for the period until December 2002. These Pubs were transferred to ALH Group Limited on 31 December 2002 and hence their operating results are reflected in the ALH Group Limited accounts for the half year ended December 2003;
   iii. net impact of acquisitions and Greenfield developments and disposals during the 2003 financial year;

(b) interest received: the majority of interest was received from Foster's Group entities due to interest bearing receivables owed to ALH. These receivables were settled in full as part of the separation from the Foster's Group

(c) income tax paid: as a result of the Foster's Group tax consolidation regime, there was no physical cash outlay by ALH Group Limited in the first half year ended 31 December 2003. Extinguishment of debt in relation to the exit from the Foster's Group tax sharing arrangements has been incorporated in the net cash flows on behalf of other Foster's Group entities.

(d) external borrowings: represent borrowings associated with the debt facilities established post separation from the Foster's Group.

(e) dividends paid: represent dividends paid to Foster's Group at the time of separation.

(f) whilst under Foster's Group ownership, ALH Group Limited bank accounts were swept into Foster's Group entities which represented a net cash outflow. This net cash outflow included amounts payable such as GST, to third parties on behalf of ALH Group Limited. Upon separation from Foster's Group, the net cash outflow was offset by the settlement of all intercompany balances with Foster's Group entities.

Note 10. Contingent liabilities

There are no contingent assets or liabilities reported for the half year ended 31 December 2003, neither has there been any change since 30 June 2003.

Australian Leisure and Hospitality Group Limited

Directors' declaration

The directors declare that the financial statements and notes set out on pages 3 to 13:

(a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Melbourne this 19th day of February 2004.

F.A McDonald	G.D Rankin
Director	Director

PRICEWATERHOUSECOOPERS

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Independent review report to the members of Australian Leisure and Hospitality Group Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Australian Leisure and Hospitality Group Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Australian Leisure and Hospitality Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Australian Leisure and Hospitality Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Australian Leisure and Hospitality Group Limited (the company) and the entities it controlled during that half-year.

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

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

Independent review report to the members of Australian Leisure and Hospitality Group Limited

(continued)

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and 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 included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

PricewaterhouseCoopers

Paul Brasher
Partner

Melbourne
19 February 2004

Australian Leisure & Hospitality Group Limited

Supplementary Investor Report

Half Year Ended 31 December, 2003

AUSTRALIAN LEISURE
& HOSPITALITY GROUP

1. Introduction

1.1 Background and Purpose

Associated with the listing of Australian Leisure and Hospitality Group Limited (ALH Group Limited) on 7 November, 2003, the structure of the company changed. These changes principally impacted rentals, depreciation, interest and income tax.

In addition, due to the company's adoption of a 4-4-5 reporting period, the half year ended 31 December, 2002 included 27 weeks trading (24/06/02 – 29/12/03) while the half year ended 31 December, 2003 included 26 weeks (30/06/03 – 28/12/03).

Furthermore, 6 pubs operated by ALH Group Limited were, for the half year period ended 31 December, 2002, reported as part of the Foster's Group Leisure and Hospitality Division, but outside of the ALH Group Limited statutory entity. These businesses were transferred to ALH Group Limited on 31 December, 2002 and so are incorporated in results for the period ended 31 December, 2003.

In view of the above, the statutory results for the half year ended 31 December 2003 are not comparable to either the corresponding half year ended 31 December, 2002 or the ALH Group Limited Prospectus dated 19 September, 2003 (the Prospectus) which was prepared on a proforma basis as if the share offer, associated capital raising and repayment of debt owing to Foster's Group occurred effective 1 July 2003.

This Supplementary Investor Report provides a more meaningful comparison and analysis of the ALH Group Limited business. The report provides comparable revenue and EBITDAR for the periods ended 31 December, 2003 and 31 December, 2002 and normalises the half year profit result (and cash flow from operating activities) to enable comparison with the Prospectus forecast.

1.2 Principal Impacts of Listing

The material impacts associated with listing were:

- Increase in depreciation charges associated with the transfer in May 2003 of non integral property, plant and equipment from Foster's Group Limited (Foster's Group) to the company;
- Reduction in interest income received from Foster's Group Treasury;

- Raising of debt by ALH Group Limited and the associated recognition of borrowing costs;
- Reduction in rental expense due to:
  - Transfer of property, plant and equipment from Foster's Group to ALH Group Limited.
  - New leasehold arrangements with ALE Property Group from November 2003.
- Recognition of income tax expense.

1.3 Nature of Adjustments to Financial Information

Adjustment has been made to Business Segment Revenue and EBITDAR for the period ended 31 December, 2002 to present information on a comparable 26 week period basis and reflect the performance of the 6 pubs reported outside of ALH Group Limited during that period.

The Statement of Financial Performance and Cash Flow from Operations for the period ended 31 December, 2003 has been normalised on the basis that:

- ALH Group Limited and its subsidiaries had listed and were operating as ALH Group Limited from 1 July 2003.
- The share offer, associated capital raising and repayment of debt owing to Foster's Group Limited occurred effective 1 July 2003.

1.4 Performance Highlights

On an adjusted and normalised basis, the performance of the company for the period ended 31 December, 2003 versus the prior comparable period can be summarised as follows:-

		Section Ref.
Total Revenue	+7.2%	2.1
EBITDAR	+15.3%	2.2
EBITDAR / Revenue	+1.3ppts	2.2
Normalised NPAT	$29.6m	2.3
Normalised Cash Flow from Operations	$41.8m	3

1.5 Reconciliation to Foster's Group Disclosed Results

Prior to listing, ALH Group Limited was a fully owned subsidiary of Carlton and United Breweries. The company's financial performance was reported by the ultimate parent, Foster's Group, in its segment note for the Leisure and Hospitality Division.

The Leisure and Hospitality Division included, as reported, the operations of 67 statutory entities including ALH Group Limited, and as such is not comparable to the statutory reporting entity Australian Leisure and Hospitality Group Limited.

1.6 Disclaimer

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects ALH Group Limited's current views at the date of this report and is subject to known and unknown risks and uncertainties, many of which are beyond ALH Group Limited's control, that may cause actual results to differ materially from those expressed or implied. ALH Group Limited undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, however ALH Group Limited will comply with its continuing reporting and other obligations under the Corporations Act and the ASX Listing Rules. The information is also not financial advice. Investors should seek appropriate advice on their own objectives, financial situation and needs.

2. Financial Performance

As previously noted, the half years ended 31 December 2002 and 2003 closed on 29 December, 2002 and 28 December 2003 respectively. On a 26 week basis, the revenue and earnings split between the two half years shows a small bias toward the first half year.

2.1 Operating Revenue

Venue Redevelopment revenue for the financial year ending 30 June, 2004 will be biased to the second half year. Notwithstanding this bias, revenue for the half year ended 31 December, 2003 was in line with the Prospectus 12 month forecast.

Revenue has grown across all business segments with notable performance in On Premise and Retail Liquor.

Gaming revenue grew strongly in Queensland, though performance overall was adversely impacted by Victorian smoking restrictions from 1 September, 2002 and the introduction of increased gaming tax rates in South Australia from 1 January 2003. Gaming achieved national revenue growth of 2.4% over the comparable 26 week period.

Operating Revenue

Comparative 26 week period $m

Business Segment Revenue	HY Dec 02[2]	HY Dec 03	% Growth
Gaming[1]	95.8	98.1	2.4%
On Premise (excluding Gaming)	141.9	163.4	15.1%
Retail Liquor	208.4	219.7	5.4%
Venue Operations	**446.2**	**481.2**	**7.9%**
Venue Redevelopment	7.5	5.0	-32.8%
Venue Operations & Venue Redevelopments	**453.7**	**486.3**[3]	**7.2%**

[1]Gaming revenue is after deducting gaming taxes and levies of: HY Dec 02: $178.2m; HY Dec 03: $176.2m.

[2]Adjusted for 26 week trade and inclusion of venues reported outside ALH Group Limited.

[3]Excludes $1.0m revenue from sale of subsidiary.

2.2 Business Segment EBITDAR

EBITDAR has grown at a faster rate than revenue across all business segments. Hence, on a year on year basis, implied margins have improved significantly.

Implied margin growth year on year is:

Gaming	1.4ppts
On-Premise	2.1ppts
Retail Liquor	0.5ppts

Relative to Prospectus forecast, growth in margin for the half year was ahead of the full year forecast for both the Gaming and On-Premise segments. .

Unallocated costs are impacted by a number of factors, including activity levels on-premise.

On a comparable 26 week basis, unallocated costs grew by 6.4%. This reduces to 4.2% on a 26 versus 27 week basis, and is consistent with the basis of calculation used in the Prospectus, which forecast full year growth of 5% (refer Appendix 1).

EBITDAR

Comparative 26 Week Period $m

Business Segment EBITDAR	HY Dec 02[1]	HY Dec 03	% Variance
Gaming	72.2	75.3	4.3%
On Premise (excluding Gaming)	38.9	48.2	23.9%
Retail Liquor	21.8	24.1	10.4%
Unallocated[3]	(54.5)	(58.0)	6.4%
Venue Operations	**78.4**	**89.6**	**14.3%**
Venue Redevelopment	1.8	2.9	61.1%
Total EBITDAR	**80.2**	**92.5**[2]	**15.3%**

[1]Adjusted for 26 week trade and inclusion of venues reported outside ALH Group Limited.

[2]Statutory half year EBITDAR ($89.9m) less Profit on sale of subsidiary ($1.0m) plus non recurring costs on separation ($3.6m).

[3]Unallocated costs include head office costs, property service costs and other expenses. Of these costs, only head office, electricity, repairs and maintenance, contract cleaning and security average in excess of $50,000 per pub per annum.

IMPLIED MARGIN[1]

Comparative 26 Week Period : %

Business Segment	HY Dec 02	HY Dec 03	Variance ppts.
Gaming	75.4	76.8	1.4
On Premise (excluding Gaming)	27.4	29.5	2.1
Retail Liquor	10.5	11.0	0.5
Unallocated[2]	12.2	12.0	-0.2
Venue Operations	**17.3**	18.6	1.3
Total EBITDAR[3]	**17.7**	19.0	1.3

[1]Implied Margin equals Segment EBITDAR divided by Segment Revenue.

[2]Unallocated costs include head office costs, property service costs and other expenses. Implied margin calculated by dividing unallocated costs by Venue Operations revenue.

[3]Implied margin calculated by dividing total EBITDAR by Venue Operations and Venue Redevelopments revenue .

2.3 Normalised Statement of Financial Performance

The normalised Statement of Financial Performance has been prepared on a basis consistent with that used in preparing the historical financial information and forecasts contained in the Prospectus dated 19 September 2003. Where appropriate, information is prepared on a proforma basis.

In particular, the normalised financial information has been prepared on the basis that:

- ALH Group Limited and its subsidiaries had listed and were operating as ALH Group Limited from 1 July 2003.
- The share offer, associated capital raising and repayment of debt owing to Foster's Group Limited occurred effective 1 July 2003.

Statement of Financial Performance

	Normalised Net Profit 6 months ended December 2003	Prospectus Forecast 12 months ending June 2004
Revenue		
Venue operations	481.2	959.0
Venue redevelopments	5.0	15.9
Other Revenue	-	-
Revenue from ordinary activities	**486.3**	**974.9**
Purchases / changes in Inventory	(215.9)	(423.5)
Employee related costs	(109.3)	(226.6)
Promotions, advertising and entertainment	(20.0)	(39.8)
Property service costs	(20.2)	(41.8)
Carrying amounts of assets disposed	(2.2)	(0.6)
Other expenses	(26.3)	(55.1)
EBITDAR	**92.5**	**187.5**
Rental expense	(31.7)	(63.8)
EBITDA	**60.7**	**123.7**
Depreciation	(14.1)	(28.4)
EBITA	**46.7**	**95.3**
Amortisation	(1.1)	(2.1)
EBIT	**45.6**	**93.2**
Interest revenue	0.9	-
Borrowing costs	(4.3)	(7.9)
Net interest revenue / borrowing costs	**(3.4)**	**(7.9)**
Profit before income tax expense	**42.2**	**85.3**
Income Tax Expense	(12.7)	(26.2)
Net Profit	**29.6**	**59.1**

[1]Appendix 2 provides supporting detail regarding normalisation and proforma adjustments.

3. Normalised Cash Flow From Operations

The normalised Cash Flow from Operations has been prepared on a basis consistent with the normalised Statement of Financial Performance. As such it assists in understanding the relationship between company profitability and cash generation.

The Cash Flow is based upon Balance Sheet opening balances from the proforma Statement of Financial Position at 30 June 2003 as described in the Prospectus and the closing balances disclosed in the Statement of Financial Position at 31 December 2003.

A reconciliation and explanation of principal adjustments have been detailed in Appendix 3.

Cash Flow from Operations for the period ended 31 December, 2003

	$m
Statutory Cash Flow	$112.3
Carve out and Proforma Adjustments	(70.5)
Normalised Net Cash Flow from Operating Activities	41.8

Referencing the normalised Statement of Financial Performance for the half year it can be noted:

- EBITDA $60.7m
- Receipts from customers less payments to suppliers $63.1m

Appendix 1: Comparative Segment EBITDAR Growth Rates – Full Year Prospectus Forecast versus Half Year period ended 31 December, 2003

The Prospectus provides at Table 6.4 detail of business segment EBITDAR for the FY2001 to FY2003 period and forecast for FY2004. The FY2003 actuals provided therein relate to a 53 week period.

To aid comparison with the Prospectus, the table below provides growth rates for business segment EBITDAR and for unallocated costs on the basis of the movement between the 27 week trading period ended 31 December 2002 and the 26 week period ended 31 December, 2003.

Business Segment	% Growth (26 v's 27 weeks)	Prospectus Full Year Growth %
Gaming	0.5	4.8
On Premise (excluding Gaming)	19.5	6.8
Retail Liquor	7.7	14.5
Unallocated Costs	4.2	5.0

Appendix 2: Reconciliation of Statutory Statement of Financial Performance to Normalised Statement of Financial Performance for period ended 31 December, 2003

	Statutory Net Profit After Tax	Carve Out & Pro Forma Adjustments		Normalised Net Profit 6 months ended December 2003[3]	Prospectus Forecast 12 months ending June 2004
		Non Recurring Items[1]	Separation pro forma adjustments[2]		
Revenue					
Venue operations	481.2	-	-	481.2	959.0
Venue redevelopments	5.0	-	-	5.0	15.9
Other Revenue	1.0	(1.0)	-	-	-
Revenue from ordinary activities	**487.3**	**(1.0)**	**-**	**486.3**	**974.9**
Purchases / changes in Inventory	(215.9)	-	-	(215.9)	(423.5)
Employee related costs	(109.4)	0.1	-	(109.3)	(226.6)
Promotions, advertising and entertainment	(20.0)	-	-	(20.0)	(39.8)
Property service costs	(20.2)	-	-	(20.2)	(41.8)
Carrying amounts of assets disposed	(2.2)	-	-	(2.2)	(0.6)
Other expenses	(29.8)	3.5	-	(26.3)	(55.1)
EBITDAR	**89.9**	**2.6**	**-**	**92.5**	**187.5**
Rental expense	(28.9)	-	(2.8)	(31.7)	(63.8)
EBITDA	**61.0**	**2.6**	**(2.8)**	**60.7**	**123.7**
Depreciation[4]	(14.1)	-	-	(14.1)	(28.4)
EBITA	**46.9**	**2.6**	**(2.8)**	**46.7**	**95.3**
Amortisation	(1.1)	-	-	(1.1)	(2.1)
EBIT	**45.9**	**2.6**	**(2.8)**	**45.6**	**93.2**
Interest revenue	2.5	-	(1.6)	0.9	-
Borrowing costs	(1.1)	-	(3.1)	(4.3)	(7.9)
Net interest revenue / borrowing costs	**1.3**	**-**	**(4.7)**	**(3.4)**	**(7.9)**
Profit before income tax expense	**47.2**	**2.6**	**(7.5)**	**42.2**	**85.3**
Income Tax Expense	(9.2)	(5.7)	2.3	(12.7)	(26.2)
Net Profit	**38.0**	**(3.1)**	**(5.3)**	**29.6**	**59.1**

[1]The accounts have been adjusted to carve out non recurring revenues and expenses associated with:

- one off costs associated with separation from Foster's Group and listing ($3.6m)
- revenue recognised on sale of subsidiary company ($1m).

[2]Proforma adjustments include:

- adjustment of lease rental to reflect the 6 months imputed value of rental payable to ALE Property Group and other third party lessors.

- reversal of interest earned from Foster's Group and recognition of interest revenue and borrowing costs associated with ALH Group's own debt finance arrangements.
- tax effect of carve out and proforma adjustments at a tax rate of 30%.

[3]numbers subject to rounding.

[4]no adjustment has been necessary to depreciation as the actual charge for the half year is consistent with the post listing structure and reflects the value of assets transferred to ALH Group in May 2003.

Appendix 3: Reconciliation of Statutory Statement of Cash Flows from Operating Activities to Normalised Statement of Cash Flows from Operating Activities for period ended 31 December, 2003

	Statutory Statement of Cashflow	Normalisation and Pro-forma Adjustments		Normalised Net Profit 6 months ended December 2003 $m
		Non Recurring Items[1]	Separation pro forma adjustments[2]	
Cashflows from Operating Activities				
Receipts from Customers	708.0			708.0
Payments to suppliers, employees, principles and governments	(598.1)	3.6	(50.4)	(644.9)
Operating Cashflow before Interest and Tax	**109.9**			**63.1**
Interest received	2.5	-	(1.5)	0.9
Interest paid	-	-	(4.3)	(4.3)
Income Tax paid	-	-	(17.9)	(17.9)
Net Cashflows from Operating Activities	112.4	3.6	(74.1)	41.8

[1]The accounts have been adjusted to carve out non recurring costs of $3.6m associated with the separation from Foster's Group Limited and listing.

[2]Proforma adjustments include the following major items

- recognition of GST of ($31.8m) paid by Foster's Group Limited on behalf of ALH Group Limited for the period 1 July 2003 to 31 October 2003 (date of GST separation);

Appendix 3 Continued…

- adjusting for the difference between the working capital balance in the proforma 30 June 2003 Statement of Financial Position as described in the Prospectus and the actual statutory 30 June 2003 Statement of Financial Position of ($15.1m);
- adjustment of lease rental to reflect the 6 months imputed value of rental payable to ALE Property Group and other third party lessors.
- recognition of other taxes paid ($0.7m) by Foster's Group Limited on behalf of ALH Group Limited in the period 1 July 2003 to 5 November, 2003.
- Reversal of interest earned from Foster's Group and recognition of interest revenue and borrowing costs associated with ALH Group's own debt finance arrangements.
- recognition of tax paid by Foster's Group Limited on behalf of ALH Group Limited in the period 1 July 2003 until the date of separation;
- the tax effect of proforma and normalisation adjustments at a tax rate of 30% assumed to be paid in the half year ended 31 December 2003.

Glossary of terms

Expression	Meaning
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBITDAR	Earnings before interest, tax, depreciation, amortisation and rental expenses.
Normalised Profit	Actual profit result adjusted to reflect performance of the company had the share offer, associated capital raising and repayment of debt owing to Foster's Group Limited occurred effective 1 July, 2003.
Business Segments	**Gaming**: the operation of electronic gaming machines at venues. **On-premise (excluding gaming)**: the provision of on-premise entertainment including bars, food and accommodation. **Retail Liquor**: provision of retail liquor for off-premise consumption. **Venue redevelopment**: activities associated with the redevelopment of venues.