# Australian Leisure and Hospitality Group Limited

(formerly ALH Group Pty Ltd)
ABN 37 067 391 511

# Half year report – 31 December 2004

## 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 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
& HOSPITALITY GROUP

# 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 2004.

### Directors

G.D. Rankin was a director from the beginning of the financial year until his resignation on 29 November 2004.

F.A. McDonald, J.P. Schmoll and P.L. Polson were appointed as directors on 31 October 2003 and resigned on 16 November 2004.

S.A.M. Pitkin was appointed a director 9 March 2004 and resigned on 16 November 2004.

R.C.Corbett was appointed as director on 9 December 2004.

B.L.Mathieson and R.J.M.Blair-Holt were appointed directors on 16 November 2004.

L.M.L'Huillier was appointed director on 29 November 2004.

### 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 1.8% to $496.2million, whilst profit from ordinary activities before related income tax expense decreased by $65.9million to a loss of $18.8million.

In view of the matters outlined below, however, the statutory results for the half year ended 31 December 2004 are not directly comparable to the corresponding half year ended 31 December 2003.

The principal factors impacting comparability include:

- Revenue from ordinary activities has been impacted by the following:
    - reduction in property and venue redevelopment proceeds for the half year ended 31 December 2004;
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) and profit from ordinary activities after tax expense have been respectively impacted by the following:
    - the company incurred non recurring expenses of $3.6million associated with its separation from Foster's Group and its listing in the half ended 31 December 2003, with a minimal impact in the half year ended 31 December 2004;
    - structural change of the company associated with its listing in November 2003, which had the effect of:
        - reducing interest income received from Foster's Group Treasury for the half year ended 31 December 2004. Interest income was previously received from Foster's Group due to interest bearing receivables owed to ALH Group Limited;
        - net increase in rental expense due to new leasehold arrangements with ALE Property Group from November 2003;
    - change of company ownership, which had the effect of:
        - non recurring takeover defence expenses of $44.9million in the half year ended 31 December 2004;
        - expenses associated with internal structural changes subsequent to takeover by Bruandwo Pty Ltd of $15.6million including adjustments made to the carrying value of property, plant and equipment.

# Australian Leisure and Hospitality Group Limited

## Directors' Report

### Events subsequent to the reporting date

At the date of this report, there is no matter or circumstance which has arisen since 31 December 2004 that has significantly affected, or may significantly affect:

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

As part of the acquisition of ALH Group Limited by Bruandwo Pty Ltd, it is the company's intention to delist ALH Group Ltd from the Australian Stock Exchange in the second half of the 2005 financial year.

### Auditor independence declaration

Refer to page 4 for the auditor independence declaration.

### 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.

Dated at Sydney this 28th day of February 2005.

R.C.Corbett
Chairman

L.M.L'Huillier
Director

Deloitte.

Deloitte Touche Tohmatsu
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28 February 2005

The Board of Directors
Australian Leisure and Hospitality Group Limited
Level 6, 464 St Kilda Rd
Melbourne Vic 3004

Dear Board Members

**Australian Leisure and Hospitality Group Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Leisure and Hospitality Group Limited.

As lead audit partner for the review of the financial statements of Australian Leisure and Hospitality Group Limited for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Clive Mottershead

C C A MOTTERSHEAD
Partner
Chartered Accountants

# Australian Leisure and Hospitality Group Limited
# Financial report – 31 December 2004

## Contents

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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:

Level 6, 464 St Kilda Road
Melbourne Vic 3004

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 2 to 4.

## Australian Leisure and Hospitality Group Limited and its controlled entities

## Consolidated statement of financial performance
## For the half year ended 31 December 2004

| | Notes | Dec 2004 $'000 | Dec 2003 $'000 |
|---|---|---|---|
| **Revenue from ordinary activities** (excluding interest revenue) | 3 | **496,245** | 487,336 |
| Purchases/changes in inventory | | **(215,743)** | (215,889) |
| Promotions, advertising and entertainment | | **(21,080)** | (19,959) |
| Employee related costs | | **(120,020)** | (109,419) |
| Property service costs | | **(22,572)** | (20,167) |
| Carrying amount of assets disposed | | **(115)** | (2,151) |
| Takeover defence costs | | **(44,908)** | - |
| Other expenses | | **(29,807)** | (29,810) |
| Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) | | **42,000** | 89,941 |
| Rental expense | | **(33,274)** | (28,882) |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | **8,726** | 61,059 |
| Depreciation | 4 | **(22,739)** | (14,083) |
| Amortisation | 4 | **(1,201)** | (1,066) |
| Earnings before interest and tax (EBIT) | | **(15,214)** | 45,910 |
| Interest income | 3 | **184** | 2,456 |
| Borrowing costs | | **(3,710)** | (1,125) |
| **Profit / (loss) from ordinary activities before related income tax expense** | | **(18,740)** | 47,241 |
| Income tax (expense) / benefit relating to ordinary activities | | **1,727** | (9,214) |
| **Profit / (loss) from ordinary activities after income tax expense** | | **(17,013)** | 38,027 |
| **Net profit / (loss) after income tax attributable to members of Australian Leisure and Hospitality Group Limited** | | **(17,013)** | 38,027 |
| **Total changes in equity attributable to members of Australian Leisure and Hospitality Group Limited other than those resulting from transactions with owners as owners** | | **(17,013)** | 38,027 |
| | | **Cents** | **Cents** |
| Basic and diluted earnings per share | 8 | **(4.8)** | 19.3 |

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes on pages 9 to 15.

## Australian Leisure and Hospitality Group Limited and its controlled entities

### Consolidated statement of financial position
### As at 31 December 2004

| | Notes | Dec 2004 $'000 | June 2004 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash | | **57,403** | 31,686 |
| Receivables | | **16,916** | 17,445 |
| Inventories | | **45,007** | 33,490 |
| Other | | **2,057** | 860 |
| **Total current assets** | | **121,383** | 83,481 |
| **Non-current assets** | | | |
| Property, plant and equipment | | **116,972** | 120,893 |
| Intangible assets | | **537,791** | 532,978 |
| Deferred tax assets | | **20,057** | 8,680 |
| **Total non-current assets** | | **674,820** | 662,551 |
| **Total assets** | | **796,203** | 746,032 |
| **Current liabilities** | | | |
| Payables | | **78,025** | 51,398 |
| Current tax liabilities | | - | 702 |
| Provisions | | **15,697** | 12,950 |
| **Total current liabilities** | | **93,722** | 65,050 |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | | **159,000** | 97,000 |
| Deferred tax liabilities | | - | 58 |
| Provisions | | **6,261** | 6,779 |
| **Total non-current liabilities** | | **165,261** | 103,837 |
| **Total liabilities** | | **258,983** | 168,887 |
| **Net assets** | | **537,220** | 577,145 |
| **Equity** | | | |
| Contributed equity | 6 | **5,000** | 5,000 |
| Reserves | | **491,450** | 491,450 |
| Retained profits | | **40,770** | 80,695 |
| **Total equity** | | **537,220** | 577,145 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 9 to 15.

## Australian Leisure and Hospitality Group Limited and its controlled entities

## Consolidated statement of cash flows
## For the half year ended 31 December 2004

| | Dec 2004 $'000 | Dec 2003 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers (inclusive of goods and services tax and gaming tax) | 701,406 | 707,968 |
| Payments to suppliers, employees, principals and governments (inclusive of goods and services tax and gaming tax) | (680,548) | (598,081) |
| Interest received | 184 | 2,456 |
| Interest paid | (2,499) | (43) |
| Income tax paid | (10,496) | - |
| **Net cash inflows from operating activities** | 8,047 | 112,300 |
| **Cash flows from investing activities** | | |
| Payments for plant and equipment | (17,138) | (11,837) |
| Proceeds from sale of plant and equipment | 143 | 1,539 |
| Payments for purchases of intangibles | (708) | - |
| Payments for purchases of Pubs, net of cash acquired | (7,498) | - |
| Proceeds from sale of pubs and redevelopments | 3,783 | - |
| **Net cash outflows from investing activities** | (21,418) | (10,298) |
| **Cash flows from financing activities** | | |
| Proceeds from external borrowings | 191,000 | 150,000 |
| Repayments of external borrowings | (129,000) | (25,000) |
| Dividends paid | (22,912) | (235,563) |
| Net cash flows on behalf of other Foster's Group entities | - | 30,455 |
| **Net cash inflows/(outflows) from financing activities** | 39,088 | (80,108) |
| **Net increase in cash held** | 25,717 | 21,894 |
| Cash at the beginning of the period | 31,686 | 25,793 |
| **Cash at the end of the period** | 57,403 | 47,687 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 9 to 15.

## 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 2004 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 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. The accounting policies adopted are consistent with those adopted and disclosed in the 2004 audit report with the exception of the following:

(i) Revaluation of non-current assets – intangible assets

At 30 June 2004 the liquor and gaming licences were measured at fair value. Following the acquisition of the ALH Group Limited by Bruandwo Pty Ltd, the directors have changed the policy to record these assets at cost to be consistent with the accounting policies adopted by the parent Bruandwo Pty Ltd. There is no financial impact of this change in accounting policy on the financial report for the half year ended 31 December 2004, or in respective of prior periods.

**(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 half 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.

**(c) 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.

**(d) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. There are no potential ordinary shares as at 31 December 2004.

**(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 1. Basis of preparation of half year financial report

**(f) International Financial Reporting Standards (IFRS)**

For reporting periods beginning on or after 1 January 2005, ALH must comply with the Australian equivalents of the International Financial Reporting Standards and the related pronouncements ('IFRS') as issued by the Australian Accounting Standards Board.

This half year financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP).

The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS, as the Company is still assessing the impact of IFRS. No attempt has been made to identify all disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS, including staff training and system and internal control changes necessary to gather all the required financial information.

This project has three stages, a summary of which is below:

(i) The first stage was the assessment and planning phase and was completed as at 30 June 2004.
(ii) The second stage being the design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to IFRS. As at the date of this report, the design phase is nearing completion and will be completed during this financial year.
(iii) The final stage is the implementation phase and includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the company to generate the disclosures to comply with the requirements of AASB 1 ("First time adoption of Australian Equivalents to International Financial Reporting Standards" (AASB 1"). This stage has also been commenced and is expected that this phase will be substantially complete by 30th June 2005.

As stages two and three are not yet complete, the Group is unable to completely and accurately present the expected quantified financial impact from the adoption of IFRS. There can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Major changes identified to date that will be required to be the consolidated entity's existing accounting polices include the following:

(i) Income tax

Under Australian Accounting Standard AASB 112 'Income Taxes' issued June 2004, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax effected if they are included in the determination of pre-accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) Intangible assets – goodwill

Under Australian Accounting Standard AASB 3 'Business Combinations', issued April 2004, amortisation of goodwill will be prohibited and will be replaced by annual impairment testing focusing on the cash flow of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise, not exceeding 20 years.

# Note 1. Basis of preparation of half year financial report

## (f) International Financial Reporting Standards (IFRS) - continued

(iii) Intangible Assets – Licences

Under Australian Accounting Standard AASB 138 'Intangible Asset', issued May 2004, any revaluation to separately identified intangible assets, whether in respect of purchased or internally generated intangibles, will be derecognised where they have not been determined by reference to an active market.

The Project team is currently evaluating the existence of an active market for the revalued licences. If an active market cannot be identified, the carrying value of licences (currently $500m) may be written back to original cost ($8.5m), resulting in an adjustment to the asset revaluation reserve.

(iv) Equity-Based Compensation Payments

Under Australian Accounting Standard AASB 2 'Share Based Payments', issued March 2004, equity based compensation to employees in respect of services received will be recognised as an expense over the respective vesting period.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(v) Employee Benefits

Under Australian Accounting Standard AASB 119 'Employee Benefits', issued March 2004, actuarial gains and losses related to employer sponsored defined benefit superannuation plans can be either recognised in the statement of financial performance as they arise together with a corresponding asset or liability, recognised directly into equity, or not recognised if the surplus or deficit is within a certain "corridor" or threshold.

(vi) Impairment of Assets

Under Australian Accounting Standard AASB 136 'Impairment of Assets', issued April 2004, the recoverable amount test under current Australian GAAP will be replaced by impairment testing. Currently, assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. In determining recoverable amount, expected future cash flows are currently not discounted to their present value. Under IFRS, both current and non-current assets are tested for impairment. In addition, IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Impairments of assets will be determined by comparing the carrying value of the group of assets identified as relating to each respective cash generating unit ("CGU") to the recoverable amount of the CGU.

Impairment will be assessed on a discounted cash flow basis based on the relevant CGU. Goodwill and liquor licences are allocated to individual CGU's and tested for impairment. To the extent that any impairment is determined, this will be recognised immediately in the statement of financial performance.

The Company is currently assessing the impact, if any, at transition.

The above should not be regarded as a complete list of changes in accounting polices that will result from the transition to Australian equivalents to IFRS. Not all standards have yet been analysed and where choices of accounting polices are available, some decisions have not yet been made. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's position and reported results.

## 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 such costs are not directly attributable to the principle continuing activities. 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) | | EBIT | |
|---|---|---|---|---|
| | Dec 2004 $'000 | Dec 2003 $'000 | Dec 2004 $'000 | Dec 2003 $'000 |
| Hotels | 274,846 | 261,514 | 39,145 | 35,693 |
| Retail Liquor | 221,256 | 219,746 | 7,896 | 9,899 |
| Unallocated | 143 | 6,076 | (62,255) | 318 |
| **Consolidated** | 496,245 | 487,336 | (15,214) | 45,910 |

| | Total Assets | | Total Liabilities | | Acquisitions of property, plant & equipment and intangibles | | Depreciation and amortisation | | Other non-cash expenses | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec 2004 $'000 | Dec 2003 $'000 | Dec 2004 $'000 | Dec 2003 $'000 | Dec 2004 $'000 | Dec 2003 $'000 | Dec 2004 $'000 | Dec 2003 $'000 | Dec 2004 $'000 | Dec 2003 $'000 |
| Hotels | - | - | - | - | - | - | - | - | - | |
| Retail Liquor | - | - | - | - | - | - | - | - | - | |
| Unallocated | 796,203 | 756,336 | 258,983 | 205,161 | 25,344 | 11,837 | 23,940 | 15,149 | 271 | (231 |
| **Consolidated** | 796,203 | 756,336 | 258,983 | 205,161 | 25,344 | 11,837 | 23,940 | 15,149 | 271 | (231 |

**Business Segments**

***Hotels***

Provision of on-premise entertainment including bars, food and accommodation and provision of electronic gaming machines (EGMs).

***Retail Liquor***

Provision of retail liquor for off-premise consumption.

AUSTRALIAN LEISURE

## Note 3. Revenue

| | Dec 2004 $'000 | Dec 2003 $'000 |
|---|---|---|
| **Revenue from operating activities** | | |
| Sale of goods and services | **486,687** | 472,233 |
| Rental | **1,235** | 1,174 |
| Commissions | **4,911** | 4,429 |
| Other | **3,269** | 3,424 |
| Total revenue from venue operations | **496,102** | 481,260 |
| Proceeds on sale of plant and equipment | **143** | 5,039 |
| Total revenue from operating activities | **496,245** | 486,299 |
| **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)** | **496,245** | 487,336 |
| Interest income | **184** | 2,456 |
| | **496,429** | 489,792 |

## Note 4. Profit / (loss) from ordinary activities

| | Dec 2004 $'000 | Dec 2003 $'000 |
|---|---|---|
| **Profit / (loss) 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 | **28** | 2,887 |
| **Expenses** | | |
| Cost of sales of goods | **(227,325)** | (222,164) |
| Depreciation of: | | |
| Leasehold buildings and improvements | **(1,401)** | (1,486) |
| Plant and equipment | **(21,338)** | (12,597) |
| | **(22,739)** | (14,083) |
| Amortisation of goodwill | **(1,201)** | (1,066) |
| Doubtful debts | **(270)** | 263 |
| Bad debts | **(1)** | (32) |
| One off non recurring costs (separation and listing fees) | **(186)** | (3,606) |
| Takeover defence costs | **(44,908)** | - |
| Restructure costs * | **(7,952)** | - |

* expenses associated with the internal structural changes subsequent to takeover by Bruandwo Pty Ltd of $15.6million including adjustments made to the carrying value of property, plant and equipment of $7.7million.

## Note 5. Dividends

| | 2004 $'000 | 2003 $'000 |
|---|---|---|
| **Ordinary shares** | | |
| Dividends provided for or paid during the half year, unfranked | **22,912** | 235,563 |
| **Dividends not recognised at the end of the half year** | - | 6,345 |
| Since the end of the half year the directors have recommended a nil interim dividend per fully paid ordinary share | - | - |

## Note 6. Contributed Equity

| | No. of shares | | Contributed equity | |
|---|---|---|---|---|
| | **2004 Shares** | 2003 Shares | **2004 $** | 2003 $ |
| **Issues of ordinary shares during the half year** | | | | |
| Balance of shares at 30 June | **352,500,000** | 2 | **5,000,000** | 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** | 352,500,000 | **5,000,000** | 5,000,000 |

## 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 2004 that has significantly affected, or may significantly affect:

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

As part of the acquisition of ALH Group Ltd by Bruandwo Pty Ltd, it is the company's intention to delist ALH Group Ltd from the Australian Stock Exchange in the second half of the 2005 financial year.

## Note 8. Earnings per share

| | Dec 2004 Cents | Dec 2003 Cents |
|---|---|---|
| Basic and diluted earnings per share | (4.8) | 19.3 |

| | Dec 2004 Number | Dec 2003 Number |
|---|---|---|
| **Weighted average number of shares used as the denominator** | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share | 352,500,000 | 197,323,370 |

| | Dec $'000 | Dec $'000 |
|---|---|---|
| **Earnings used in calculating basic and diluted earnings per share** | | |
| Net profit / (loss) | (17,013) | 38,027 |

## Note 9. Contingent liabilities

There are no contingent assets or liabilities reported for the half year ended 31 December 2004, neither has there been any change since 30 June 2004.

## Directors' declaration

The directors declare that the financial statements and notes set out on pages 6 to 15:

(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 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half 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 made pursuant to S303(5) of the Corporations Act 2001.

Dated at Sydney this 28th day of February 2005.

R.C.Corbett
Chairman

L.M.L'Huillier
Director

**Deloitte.**

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

## Scope

We have reviewed the financial report of Australian Leisure & Hospitality Group Limited for the half-year ended 31 December 2004 as set out on pages 6 to 16. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity'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 the 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 disclosing entity 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. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided 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 Australian Leisure & Hospitality Group Limited is not in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

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

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

CCA Mottershead
Partner
Chartered Accountants
Melbourne, 28 February 2005

# Australian Leisure and Hospitality Group Limited

**ABN 37 067 391 511**

# Half Year ended 31 December 2004

# Appendix 4D

# Results for Announcement to the Market

| | | Up/ Down | Percentage | $A'000 |
|---|---|---|---|---|
| Revenue from ordinary activities (excluding interest revenue) | | Up | 1.8% | 496,245 |
| Earnings before Interest, Tax Depreciation, Amortisation and Rent (EBITDAR) | | Down | 53.3% | 42,000 |
| Rental Expense | | Up | 15.2% | 33,274 |
| Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) | | Down | 85.7% | 8,726 |
| Depreciation | | Up | 61.5% | 22,739 |
| Amortisation | | Up | 12.7% | 1,201 |
| Earnings before Interest and Tax (EBIT) – profit / (loss) | | Down | 133.1% | (15,214) |
| Interest Income | | Down | 92.5% | 184 |
| Borrowing Costs | | Up | 229.8% | 3,710 |
| Income tax (expense) / benefit relating to ordinary activities | | Down | 118.7% | 1,727 |
| Profit / (loss) from ordinary activities after tax attributable to members | | Down | 144.7% | (17,013) |
| Net profit / (loss) for the period attributable to members | | Down | 144.7% | (17,013) |

| **Dividends/ distributions** | Amount per security | Franked amount per security |
|---|---|---|
| Interim Dividend<br>31 December 2004 | - | - |

**Record date** for determining entitlements to the interim dividend

| |
|---|
| - |

## Explanation of the figures reported above:

- In view of the matters outlined below, the statutory results for the half year ended 31 December, 2004 are not directly comparable to the corresponding half year ended 31 December, 2003 due to Australian Leisure & Hospitality Group (ALH) forming part of Fosters Group Limited up until 6th November 2003 and the subsequent takeover by Bruandwo P/L.

Matters Impacting Comparability

- Revenue from ordinary activities has been impacted by the following:
    - reduction in property and venue redevelopment proceeds for the half year ended 31 December 2004;
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) and profit from ordinary activities after tax expense have been respectively impacted by the following:
    - the company has incurred non recurring expenses of $3.6million associated with its separation from Foster's Group and its listing in the half ended 31 December 2003, with a minimal impact in the half year ended 31 December 2004;
    - structural change of the company associated with its listing in November 2003, which had the effect of:
        - reducing interest income received from Foster's Group Treasury for the half year ended 31 December 2004. Interest income was previously received from Foster's Group due to interest bearing receivables owed to ALH Group Limited;
        - net increase in rental expense due to new leasehold arrangements with ALE Property Group from November 2003;
    - change of company ownership, which had the effect of:
        - non recurring takeover defence expenses of $44.9million in the half year ended 31 December 2004;
        - expenses associated with internal structural changes subsequent to takeover by Bruandwo Pty Ltd of $15.6million including adjustments made to the carrying value of property, plant and equipment;

# Australian Leisure and Hospitality Group Limited

Half year ended 31 December 2004

## Supplementary Appendix 4D Information

### NTA Backing

| | 2004<br>cents | 2003<br>cents |
|---|---|---|
| Net Tangible asset backing per ordinary share | (0.16) | 5.39 |

The net tangible asset backing amounts per ordinary share is based on the allocation of 352,500,000 shares.

### Controlled entities acquired or disposed of

There have been no controlled entities acquired or disposed of in the half year ended 31 December 2004.

### Additional dividend information

Details of dividend declared or paid during or subsequent to the half year ended 31 December 2004 are as follows:

| Record Date | Payment Date | Type | Amount per security | Total dividend $ | Franked amount per security | Foreign sourced dividend amount per security |
|---|---|---|---|---|---|---|
| 23 August 2004 | 16 September 2004 | Final | 6.5 cents | 22,912,501 | - | - |
| | | | | | - | - |

### Dividend Reinvestment Plan

The company has a dividend reinvestment plan but has not sought participation from shareholders in the half year ended 31 December 2004.