

## APPENDIX 4D

### Half Year Report for the period ended 26 December 2017

**Name of Entity:** Ardent Leisure Group (ASX: AAD)

Comprising:

Ardent Leisure Trust (ARSN 093 193 438)

Ardent Leisure Limited (ABN 22 104 529 106)

#### Results for announcement to the market

	1 July 2017 to 26 December 2017	6 months to 31 December 2016	Variance
	\$'000	\$'000	%
Revenue from ordinary activities	265,554	317,172	(16.3%)
Loss from ordinary activities after tax attributable to members	(15,644)	(49,350)	68.3%
Net loss for the period attributable to members	(15,644)	(49,350)	68.3%
<b>Distributions</b>			
			<b>Amount per stapled security</b>
<i>Current Period:</i> Interim distribution			2.0¢
<i>Previous Corresponding Period:</i> Interim distribution			2.0¢
Record date for determining entitlements to the distribution	29 December 2017		

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**Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

Following the sale of the Goodlife health clubs and d'Albora marinas businesses, the Group has moved to a retail calendar basis for periodic reporting. This change enables improved comparability for management and investors by ensuring reporting periods comprise the same number of days and, in particular, weekends.

With effect from the first half of FY18, Ardent's businesses (Theme Parks, Bowling and Entertainment, and Main Event) have operated on a "5-4-4 week" quarter with each week ending on Tuesday.

FY18 is a transitional period with the financial period for the first-half of FY18 being 1<sup>st</sup> July 2017 to Tuesday 26<sup>th</sup> December 2017 i.e. 179 days. The financial period for the second-half of FY18 will be Wednesday 27<sup>th</sup> December 2017 to Tuesday 26<sup>th</sup> June 2018.

The reduction in revenue reflects the disposal of two businesses, the Goodlife Health Clubs which were sold in October 2016 and the d'Albora Marinas business which was sold in August 2017.

In the period ending 26<sup>th</sup> December 2017, the Group made a loss after tax of \$15.6 million, which improved from the loss in the prior financial period of \$49.4 million. This loss was impacted by a number of specific items including a devaluation of the theme park of \$22.8 million, partially offset by a gain on the disposal of the marinas business of \$4.6 million.

Refer to the Interim Financial Report for the period ended 26<sup>th</sup> December 2017 accompanying this Appendix 4D for further information on the financial performance of the Group, including an unaudited pro-forma result for the period 1<sup>st</sup> July 2017 to 31<sup>st</sup> December 2017 which enables comparison with results reported in the prior corresponding period.

### Details of Distribution

Refer attached financial statements (Directors Report and Note 5: Distributions and dividends paid and payable).

### Details of Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) was not in operation for the final distribution relating to 30 June 2017 which was paid during the half year ended 26 December 2017.

The DRP will be in operation for the interim distribution for the half year ended 26 December 2017.

### Net Tangible Assets

	Current period 26 December 2017	Previous corresponding Period 31 December 2016
Net tangible asset backing per stapled security*	\$0.94	\$0.99
Net tangible asset backing per stapled security after distribution	\$0.92	\$0.97

\* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e., all liabilities, preference shares, outside equity interests etc).

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**Control Gained or Lost over Entities during the Period**

Name of entity (or group of entities) over which control was gained:	None
Date control was gained	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Name of entity (or group of entities) over which control was lost	None
Date control was lost	N/A
Consolidated profit from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A

**Details of Associates and Joint Venture entities**

N/A

**Accounting standards used by foreign entities**

N/A

**Qualification of audit/review**

Not applicable as there is no review dispute or qualification. Refer attached interim financial report for the independent auditor's review report.



**ARDENT**  
LEISURE

**Interim Financial Report**  
**for the period 1<sup>st</sup> July 2017 to 26<sup>th</sup> December 2017**

The interim financial report was authorised for issue by the Directors of Ardent Leisure Management Limited (ABN 36 079 630 676) and Ardent Leisure Limited (ABN 22 104 529 106) on 26 February 2018. The Directors have the power to amend and reissue the financial report.



# Interim Financial Report

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## Directors' report to stapled security holders

The Directors of Ardent Leisure Management Limited (Manager), (as responsible entity of Ardent Leisure Trust), and the Directors of Ardent Leisure Limited present their report together with the consolidated interim financial report of Ardent Leisure Group (Group or Consolidated Group) and the consolidated interim financial report of Ardent Leisure Limited (ALL Group) for the period from 1<sup>st</sup> July 2017 to 26<sup>th</sup> December 2017.

Following the sale of the Goodlife Health Clubs and d'Albora Marinas businesses, the Group has moved to a retail calendar basis for periodic reporting. This change enables improved comparability for management and investors by ensuring reporting periods comprise the same number of days and, in particular, weekends.

With effect from the first half of FY18, Ardent's businesses (Theme Parks, Bowling and Entertainment and Main Event) have operated on a "5-4-4 week" quarter with each week ending on Tuesday.

FY18 is a transitional period with the financial period for the first-half of FY18 being 1<sup>st</sup> July 2017 to Tuesday 26<sup>th</sup> December 2017 i.e. 179 days. The financial period for the second-half of FY18 will be Wednesday 27<sup>th</sup> December 2017 to Tuesday 26<sup>th</sup> June 2018. Pro-forma results for the period from 1<sup>st</sup> July 2017 to 31<sup>st</sup> December 2017 has been provided later in this report to enable comparison with the prior corresponding period.

The interim financial report of the Group comprises Ardent Leisure Trust (Trust) and its controlled entities including Ardent Leisure Limited (ALL or Company) and its controlled entities. The interim financial report of the ALL Group comprises Ardent Leisure Limited and its controlled entities.

Ardent Leisure Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are Level 8, 60 Miller Street, North Sydney, NSW 2060.

The units of the Trust and the shares of ALL are combined and issued as stapled securities in the Group. The units of the Trust and shares of ALL cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between the Trust and ALL, the Trust is deemed to be the parent entity of the Group under Australian Accounting Standards.

### 1. Directors

The following persons have held office as Directors of the Manager and ALL during the period and up to the date of this report unless otherwise stated:

Gary Weiss (appointed as a Director 3 September 2017 and as Chair 29 September 2017);  
Roger Davis;  
Randy Garfield (appointed 14 August 2017);  
David Haslingden;  
Don Morris AO;  
Brad Richmond (appointed 3 September 2017);  
George Venardos (retired as Chair and Director 29 September 2017);  
Simon Kelly (resigned 8 November 2017);  
Deborah Thomas (retired 1 July 2017); and  
Melanie Willis (resigned 8 September 2017).

### 2. Principal activities

The Group's principal activity is to invest in and operate leisure and entertainment businesses in Australia and the United States of America.

On 20<sup>th</sup> December 2017, the Group announced that it had entered into a binding agreement to sell the Bowling and Entertainment business for \$160.0 million to The Entertainment and Education Group. Completion of the transaction is expected to occur in the first half of 2018 and remains subject to the satisfaction of customary conditions precedent. The Bowling and Entertainment business has therefore been classified as a discontinued operation at 26<sup>th</sup> December 2017.

Other than the completion of the sale of the Marinas business and the decision to dispose of the Bowling and Entertainment business, there were no further significant changes in the nature of the activities of the Group during the period.

### 3. Distributions and dividends

The total distribution of income for the half year ended 26<sup>th</sup> December 2017 will be 2.00 cents (31<sup>st</sup> December 2016: 2.00 cents) per stapled security which will be paid by the Group on or before 28<sup>th</sup> February 2018. This comprises a distribution to be paid by the Trust of 2.00 cents (31<sup>st</sup> December 2016: 2.00 cents) per stapled security and no dividend to be paid by the Company (31<sup>st</sup> December 2016: nil) per stapled security. Provisions have not been recognised in the interim financial statements at 26<sup>th</sup> December 2017 as these payments had not been declared at the reporting date.

## Directors' report to stapled security holders

### 4. Review and results of operations

#### Overview

The Group's strategy is to focus primarily on leisure and entertainment segments within its geographical areas of operation with mass market appeal. During the period, four businesses contributed to the overall result: Main Event, Bowling and Entertainment, Theme Parks and, until 14 August 2017, the d'Albora Marinas business.

The results of the Bowling and Entertainment business have been included within discontinued operations in the Income Statements.

The results for the Marinas business for the period up until the effective sale date of 14<sup>th</sup> August 2017 have been included within discontinued operations in the Income Statements. The sale resulted in a pre-tax gain in the period of \$4.7 million, net of selling costs, which has also been included within discontinued operations in the Income Statements.

#### Group results

The Group has undertaken a review of the way it presents its financial results. With effect from this set of accounts the Group will no longer be presenting "core earnings" or "segment EBITDA" and "segment EBIT" which have been adjusted for "non-core" items. The focus will be on the statutory results. However, specific items which have had an impact on the Group results, and which the Directors deem disclosure thereof to be useful in understanding the financial results, will be disclosed. In order to assist investors and other interested parties in understanding the impact of these changes on the reported results, detailed reconciliations have been included in the presentation materials for the current period. These materials are available on the ASX platform. Comparative information has been restated to reflect the new reporting formats.

The performance of the Consolidated Group, as represented by the aggregated results of its operations for the period from 1<sup>st</sup> July 2017 to 26<sup>th</sup> December 2017 (179 days), was as follows:

1 <sup>st</sup> July 2017 to 26 <sup>th</sup> December 2017	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>155,774</b>	<b>34,662</b>	<b>5</b>	<b>190,441</b>	<b>75,113</b>	<b>265,554</b>
<b>Segment EBITDA</b>	<b>16,429</b>	<b>(25,450)</b>	<b>(6,683)</b>	<b>(15,704)</b>	<b>14,097</b>	<b>(1,607)</b>
Depreciation and amortisation	(16,122)	(4,250)	(593)	(20,965)	(7,483)	(28,448)
<b>Segment EBIT</b>	<b>307</b>	<b>(29,700)</b>	<b>(7,276)</b>	<b>(36,669)</b>	<b>6,614</b>	<b>(30,055)</b>
Borrowing costs				(5,453)	(53)	(5,506)
Interest income				161	-	161
<b>Net (loss)/profit before tax</b>				<b>(41,961)</b>	<b>6,561</b>	<b>(35,400)</b>
Income tax benefit				19,603	153	19,756
<b>Net (loss)/profit after tax</b>				<b>(22,358)</b>	<b>6,714</b>	<b>(15,644)</b>
<b>The segment EBITDA above includes the following specific items:</b>						
Valuation loss - property, plant and equipment	-	(22,841)	-	(22,841)	-	(22,841)
Pre-opening expenses	(1,966)	-	-	(1,966)	(568)	(2,534)
Dreamworld incident costs, net of insurance recoveries	-	(1,926)	-	(1,926)	-	(1,926)
Restructuring and other non-recurring items	(1,732)		(1,334)	(3,066)	-	(3,066)
Gain on sale of discontinued operations	-	-	-	-	4,583	4,583
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(1,491)	(1,491)
Loss on disposal of assets	(653)	(105)	(66)	(824)	(93)	(917)
	<b>(4,351)</b>	<b>(24,872)</b>	<b>(1,400)</b>	<b>(30,623)</b>	<b>2,431</b>	<b>(28,192)</b>
<b>The income tax benefit above includes the following specific item:</b>						
Tax impact of specific items listed above	1,218	579	420	2,217	725	2,942
Restatement of deferred tax balances to reflect US tax reforms	14,931	-	-	14,931	-	14,931
	<b>16,149</b>	<b>579</b>	<b>420</b>	<b>17,148</b>	<b>725</b>	<b>17,873</b>

## Directors' report to stapled security holders

### 4. Review and results of operations (continued)

#### Group results (continued)

The period for the "first half" of FY17 is from 1st July 2017 to 26th December 2017 i.e. 179 days, compared with 184 (1st July 2016 to 31st December 2016) for the corresponding period. To enable a meaningful comparison of the performance compared to the prior period, pro-forma figures for the period 1st July 2017 to 31st December 2017 are set out below:

1 <sup>st</sup> July 2017 to 31 <sup>st</sup> December 2017	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>163,980</b>	<b>37,182</b>	<b>5</b>	<b>201,167</b>	<b>77,678</b>	<b>278,845</b>
<b>Segment EBITDA</b>	<b>18,740</b>	<b>(24,740)</b>	<b>(6,729)</b>	<b>(12,729)</b>	<b>15,241</b>	<b>2,512</b>
Depreciation and amortisation	(16,563)	(4,362)	(612)	(21,537)	(7,666)	(29,203)
<b>Segment EBIT</b>	<b>2,177</b>	<b>(29,102)</b>	<b>(7,341)</b>	<b>(34,266)</b>	<b>7,575</b>	<b>(26,691)</b>
Borrowing costs				(5,608)	(53)	(5,661)
Interest income				161	-	161
<b>Net (loss)/profit before tax</b>				<b>(39,713)</b>	<b>7,522</b>	<b>(32,191)</b>
Income tax benefit				18,952	63	19,015
<b>Net (loss)/profit after tax</b>				<b>(20,761)</b>	<b>7,585</b>	<b>(13,176)</b>
<b>The segment EBITDA above includes the following specific items:</b>						
Valuation loss - property, plant and equipment	-	(22,841)	-	(22,841)	-	(22,841)
Pre-opening expenses	(1,966)	-	-	(1,966)	(568)	(2,534)
Dreamworld incident costs, net of insurance recoveries	-	(1,926)	-	(1,926)	-	(1,926)
Restructuring and other non-recurring items	(1,732)	-	(1,334)	(3,066)	-	(3,066)
Gain on sale of discontinued operations	-	-	-	-	4,583	4,583
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(1,491)	(1,491)
Loss on disposal of assets	(653)	(105)	(66)	(824)	(93)	(917)
	<b>(4,351)</b>	<b>(24,872)</b>	<b>(1,400)</b>	<b>(30,623)</b>	<b>2,431</b>	<b>(28,192)</b>
<b>The income tax benefit above includes the following specific item:</b>						
Tax impact of specific items listed above	1,218	579	420	2,217	725	2,942
Restatement of deferred tax balances to reflect US tax reforms	14,931	-	-	14,931	-	14,931
	<b>16,149</b>	<b>579</b>	<b>420</b>	<b>17,148</b>	<b>725</b>	<b>17,873</b>

## Directors' report to stapled security holders

### 4. Review and results of operations (continued)

#### Group results (continued)

The performance of the Consolidated Group, as represented by the aggregated results of its operations for the period from 1<sup>st</sup> July 2016 to 31<sup>st</sup> December 2016 (184 days), was as follows:

1 <sup>st</sup> July 2016 to 31 <sup>st</sup> December 2016	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>136,765</b>	<b>41,775</b>	<b>1</b>	<b>178,541</b>	<b>138,631</b>	<b>317,172</b>
<b>Segment EBITDA</b>	<b>17,814</b>	<b>(89,357)</b>	<b>(6,932)</b>	<b>(78,475)</b>	<b>65,070</b>	<b>(13,405)</b>
Depreciation and amortisation	(11,092)	(4,511)	(603)	(16,206)	(13,726)	(29,932)
<b>Segment EBIT</b>	<b>6,722</b>	<b>(93,868)</b>	<b>(7,535)</b>	<b>(94,681)</b>	<b>51,344</b>	<b>(43,337)</b>
Borrowing costs				(6,153)	(79)	(6,232)
Interest income				58	-	58
<b>Net (loss)/profit before tax</b>				<b>(100,776)</b>	<b>51,265</b>	<b>(49,511)</b>
Income tax benefit				2,810	(2,649)	161
<b>Net (loss)/profit after tax</b>				<b>(97,966)</b>	<b>48,616</b>	<b>(49,350)</b>
<b>The segment EBITDA above includes the following specific items:</b>						
Valuation loss - property, plant and equipment	-	(90,620)	-	(90,620)	-	(90,620)
Impairment of goodwill	-	(783)	-	(783)	-	(783)
Impairment of property, plant and equipment	-	-	-	-	(112)	(112)
Pre-opening expenses	(6,107)	-	-	(6,107)	(758)	(6,865)
Dreamworld incident costs	-	(3,800)	-	(3,800)	-	(3,800)
Gain on sale of discontinued operations	-	-	-	-	44,977	44,977
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(574)	(574)
Loss on disposal of assets	(319)	(27)	-	(346)	(907)	(1,253)
	<b>(6,426)</b>	<b>(95,230)</b>	<b>-</b>	<b>(101,656)</b>	<b>42,626</b>	<b>(59,030)</b>
Tax impact of specific items listed above	2,185	1,070	-	3,255	319	3,574

The Group recorded a net loss after tax of \$15.6 million for the period up to 26th December 2017 (\$13.2 million on a pro-forma half year basis), compared with a net loss of \$49.4 million in the prior corresponding period ("pcp"). This loss is after a \$22.8 million impairment charge relating to Dreamworld.

The revenue reduction of 12.1% on a pro-forma basis is due predominantly to the disposal of the Health Clubs and d'Albora Marinas businesses. The Health Clubs business, which contributed \$62.7 million in the pcp, was disposed of in October 2016. The Marinas business was sold in August 2017 and contributed \$2.7 million in the current period compared with \$11.6 million in the pcp. Excluding the impact of disposed businesses, pro-forma revenue was up 12.7% on the pcp. Revenue in the Main Event and Bowling and Entertainment businesses grew at 25.4% and 16.6% respectively, while the Theme Parks business experienced a contraction in revenue following the tragic accident in October 2016.

Pro-forma EBITDA was positive \$2.5 million compared with a loss of \$13.4 million in the pcp.

Main Event achieved revenue growth of 19.9% to \$164.0 million on a pro-forma basis (growth of 25.4% to US\$128 million in US\$ terms). This growth was driven by an additional 240 operating weeks, which represents a weighted average increase of approximately nine centres. The majority of this increase relates to centres opened in FY17, with one new centre opened in the current period in Knoxville, Tennessee.

## Directors' report to stapled security holders

### 4. Review and results of operations (continued)

#### Group results (continued)

Main Event achieved like-for-like constant centre revenue growth of 1.3% (0.9% excluding expected insurance proceeds for hurricane related business interruption) over the 26-week period ending on 26th December 2017, driven by event sales growth and improving trends in walk-in business compared with the pcp. The walk-in improvement was due to pricing optimization of limited time offers and game card activation fees. This positive momentum has continued into 2018, resulting in constant centre growth of 3.0% (2.6% excluding expected insurance proceeds for hurricane related business interruption) over the 33-week period ending on 13th February 2018. The strong constant centre performance experienced in January and early February is expected to moderate over the coming weeks.

Main Event's segment EBITDA margin reduced from 12.9% to 11.5% on a pro-forma basis driven by margin pressure from the FY17 cohort of 10 locations which are underperforming from a sales perspective. The 10 FY17 cohort centres are generating average unit sales that are circa 20% less than our 21 constant centres. In addition, occupancy costs and marketing spend have outpaced overall sales growth. Support centre administration costs have also increased as a percentage of revenue due to higher headcount. The reduced segment EBIT compared with pcp reflects higher depreciation charges across the expanded number of centres.

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint reported revenue of \$37.2 million on a pro-forma basis, down 11% on pcp, as Dreamworld remains in recovery mode following the tragic accident in October 2016.

Trading at Dreamworld continues to improve, with attendances up 32.6% and revenue up 55.6% for the period from 10th December 2017 to 13th February 2018 compared with the same post incident period in FY17. However, the recovery has been slower than originally projected, resulting in the Group booking a further non-cash, pre-tax valuation impairment charge of \$22.8 million in the current period.

The tiger cubs born late January 2018 and the completion of Corroboree Stage II are expected to bolster visitation in the lead up to the Commonwealth Games. A first of a kind Dreamworks walk-through attraction is planned for mid-2018 and will be joined by a world class Brogent Flying Theatre attraction later in the year. The first 'Park After Dark' event for 2018 is scheduled in February, headlined by a Guy Sebastian concert. SkyPoint continues to grow and customers are responding well to the recently refurbished viewing deck on level 77.

On a pro-forma basis Bowling and Entertainment achieved an increase in revenue of 16.6% to \$75 million, up from \$64.3 million in the pcp, driven by the combination of constant centre growth, new venue openings and year-on-year growth in renovated centres. Stronger sales flowed through to a 33.8% uplift in segment EBITDA at an expanded margin of 13.2%, up from 11.4% in the pcp.

Progress continues to be made in reducing the corporate overhead. Excluding restructuring and other non-recurring items of \$1.3 million, pro-forma corporate costs were down 19.3% from \$6.7 million to \$5.4 million with further reductions expected in the second half.

### 5. Value of assets

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
Value of total assets	852,718	974,213	614,336	592,695
<b>Value of net assets</b>	<b>513,801</b>	<b>531,722</b>	<b>196,912</b>	<b>177,034</b>

## Directors' report to stapled security holders

### 6. Interests in the Group

The movement in stapled securities of the Group during the period is set out below:

	Consolidated Group December 2017	Consolidated Group June 2017
Stapled securities on issue at the beginning of the period	469,153,284	463,039,616
Stapled securities issued under Distribution Reinvestment Plan	-	4,812,776
Stapled securities issued as part of ALL's employee security-based payments plans	681,149	1,300,892
<b>Stapled securities on issue at the end of the period</b>	<b>469,834,433</b>	<b>469,153,284</b>

### 7. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

### 8. Rounding of amounts to the nearest thousand dollars

The Group is a registered scheme of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

This report is made in accordance with a resolution of the Boards of Directors of Ardent Leisure Management Limited and Ardent Leisure Limited.



**Gary Weiss**  
Chairman



**Brad Richmond**  
Director

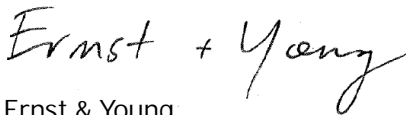
Sydney  
26 February 2018

## Auditor's Independence Declaration

As lead auditor for the review of Ardent Leisure Group for the half-year ended 26 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ardent Leisure Group, which includes Ardent Leisure Trust and Ardent Leisure Limited and the entities they controlled during the financial period.



Ernst & Young



John Robinson  
Partner  
26 February 2018

## Income Statements

for the half year ended 26 December 2017

	Note	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
<b>Income</b>					
Revenue from operating activities	2	190,441	178,541	190,441	178,541
Management fee income		-	-	600	600
Net gain from derivative financial instruments		179	-	-	-
Interest income		161	58	21	52
Distribution income		-	-	8	-
Other income		10,661	-	10,661	-
<b>Total income</b>		<b>201,442</b>	<b>178,599</b>	<b>201,731</b>	<b>179,193</b>
<b>Expenses</b>					
Purchases of finished goods		27,679	25,511	27,679	25,511
Salary and employee benefits		79,737	76,097	80,769	77,207
Borrowing costs		5,453	6,153	6,288	4,640
Property expenses		24,162	18,383	25,361	23,578
Depreciation and amortisation		20,965	16,206	18,038	12,576
Loss on sale and leaseback of Main Event Centre		706	-	706	-
Loss on disposal of assets		118	346	18	334
Advertising and promotions		11,015	8,736	11,015	8,736
Repairs and maintenance		11,907	10,569	11,907	10,569
Pre-opening expenses		1,966	6,107	1,966	6,107
Loss on disposal of damaged assets		8,984	-	8,984	-
Impairment of goodwill		-	783	-	783
Net loss from derivative financial instruments		-	54	-	-
Valuation loss - property, plant and equipment		22,841	90,620	-	-
Dreamworld incident costs		3,532	3,800	3,532	3,550
Other expenses		24,338	16,010	24,063	15,870
<b>Total expenses</b>		<b>243,403</b>	<b>279,375</b>	<b>220,326</b>	<b>189,461</b>
<b>Loss before tax benefit</b>		<b>(41,961)</b>	<b>(100,776)</b>	<b>(18,595)</b>	<b>(10,268)</b>
Income tax benefit	3	(19,603)	(2,810)	(19,692)	(2,845)
<b>(Loss)/profit from continuing operations</b>		<b>(22,358)</b>	<b>(97,966)</b>	<b>1,097</b>	<b>(7,423)</b>
Profit from discontinued operations	8	6,714	48,616	18,386	18,559
<b>(Loss)/profit for the half year</b>		<b>(15,644)</b>	<b>(49,350)</b>	<b>19,483</b>	<b>11,136</b>
<b>Attributable to:</b>					
<b>Stapled security holders</b>		<b>(15,644)</b>	<b>(49,350)</b>	<b>19,483</b>	<b>11,136</b>
<b>(Loss)/profit for the half year</b>		<b>(15,644)</b>	<b>(49,350)</b>	<b>19,483</b>	<b>11,136</b>

The above Income Statements should be read in conjunction with the accompanying notes.

Total basic (losses)/earnings per security/share (cents)	4	(3.34)	(10.57)	4.16	2.38
Basic (losses)/earnings per security/share (cents) from continuing operations	4	(4.77)	(20.98)	0.24	(1.59)
Total diluted (losses)/earnings per security/share (cents)	4	(3.33)	(10.54)	4.15	2.38
Diluted (losses)/earnings per security/share (cents) from continuing operations	4	(4.76)	(20.93)	0.23	(1.59)

## Statements of Comprehensive Income for the half year ended 26 December 2017

	Note	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
(Loss)/profit for the half year		(15,644)	(49,350)	19,483	11,136
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Cash flow hedges	13	652	2,700	360	1,607
Foreign exchange translation difference	13	2,039	9,418	(559)	5,651
Income tax relating to these items	13	(89)	(580)	(89)	(580)
<i>Items that will not be reclassified to profit or loss</i>					
Loss on revaluation of property, plant and equipment		-	(3,014)	-	-
<b>Other comprehensive income/(loss) for the half year, net of tax</b>		<b>2,602</b>	<b>8,524</b>	<b>(288)</b>	<b>6,678</b>
<b>Total comprehensive (loss)/income for the half year, net of tax</b>		<b>(13,042)</b>	<b>(40,826)</b>	<b>19,195</b>	<b>17,814</b>
Attributable to:					
Stapled security holders		(13,042)	(40,826)	19,195	17,814
<b>Total comprehensive (loss)/income for the half year, net of tax</b>		<b>(13,042)</b>	<b>(40,826)</b>	<b>19,195</b>	<b>17,814</b>
Total comprehensive income/(loss) for the half year, net of tax attributable to stapled security holders arises from:					
Continuing operations		(19,756)	(89,442)	809	(745)
Discontinued operations		6,714	48,616	18,386	18,559
<b>Total comprehensive income/(loss) for the half year, net of tax</b>		<b>(13,042)</b>	<b>(40,826)</b>	<b>19,195</b>	<b>17,814</b>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

## Balance Sheets

as at 26 December 2017

	Note	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Current assets</b>					
Cash and cash equivalents		22,044	10,842	19,906	9,352
Receivables		9,720	5,367	9,720	5,367
Inventories		9,259	13,256	9,259	13,256
Current tax receivables		1,726	-	1,726	-
Assets classified as held for sale	8(d)	167,534	120,721	84,412	3,244
Property classified as held for sale		-	13,840	-	13,840
Construction in progress inventories	7	37,245	56,756	37,245	56,756
Other		7,889	5,089	7,215	4,467
<b>Total current assets</b>		<b>255,417</b>	<b>225,871</b>	<b>169,483</b>	<b>106,282</b>
<b>Non-current assets</b>					
Property, plant and equipment	9	508,363	636,440	355,915	374,587
Investments held at fair value		3,201	3,201	3,201	3,201
Derivative financial instruments	6	540	272	540	196
Livestock		279	293	279	293
Intangible assets	10	70,211	96,587	70,211	96,587
Deferred tax assets		14,707	11,549	14,707	11,549
<b>Total non-current assets</b>		<b>597,301</b>	<b>748,342</b>	<b>444,853</b>	<b>486,413</b>
<b>Total assets</b>		<b>852,718</b>	<b>974,213</b>	<b>614,336</b>	<b>592,695</b>
<b>Current liabilities</b>					
Payables		76,636	102,960	76,319	96,371
Construction in progress deposits	7	33,671	50,050	33,671	50,050
Derivative financial instruments	6	396	1,005	-	-
Interest bearing liabilities	11	69,223	54,466	69,505	-
Current tax liabilities		20	602	20	602
Provisions		1,748	2,973	1,748	2,973
Liabilities directly associated with assets classified as held for sale	8(d)	36,154	4,892	22,849	4,558
Other		2,069	2,675	2,069	2,675
<b>Total current liabilities</b>		<b>219,917</b>	<b>219,623</b>	<b>206,181</b>	<b>157,229</b>
<b>Non-current liabilities</b>					
Derivative financial instruments	6	327	316	-	29
Interest bearing liabilities	11	93,194	178,161	185,764	218,844
Provisions		2,416	7,595	2,416	2,763
Deferred tax liabilities		23,063	36,796	23,063	36,796
<b>Total non-current liabilities</b>		<b>119,000</b>	<b>222,868</b>	<b>211,243</b>	<b>258,432</b>
<b>Total liabilities</b>		<b>338,917</b>	<b>442,491</b>	<b>417,424</b>	<b>415,661</b>
<b>Net assets</b>		<b>513,801</b>	<b>531,722</b>	<b>196,912</b>	<b>177,034</b>
<b>Equity</b>					
Contributed equity	12	663,757	662,450	171,134	170,699
Other equity		(1,414)	(1,662)	(1,414)	(1,662)
Reserves	13	(26,010)	(26,861)	5,897	6,185
(Accumulated losses)/retained profits	14	(122,532)	(102,205)	21,295	1,812
<b>Total equity attributable to stapled security holders</b>		<b>513,801</b>	<b>531,722</b>	<b>196,912</b>	<b>177,034</b>
<b>Total equity</b>		<b>513,801</b>	<b>531,722</b>	<b>196,912</b>	<b>177,034</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

## Statements of Changes in Equity for the half year ended 26 December 2017

	Note	Contributed equity \$'000	Other equity \$'000	Reserves \$'000	(Accumulated losses)/ retained profits \$'000	Total equity \$'000
<b>Consolidated Group</b>						
Total equity at 1 July 2016		649,720	-	(24,938)	(4,799)	619,983
Loss for the half year		-	-	-	(49,350)	(49,350)
Other comprehensive income for the half year		-	-	8,524	-	8,524
<b>Total comprehensive income/(loss) for the half year</b>		<b>-</b>	<b>-</b>	<b>8,524</b>	<b>(49,350)</b>	<b>(40,826)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Security-based payments		-	-	(1,672)	-	(1,672)
Contributions of equity, net of issue costs		9,249	-	-	-	9,249
Security-based payments - securities/shares issued		3,363	-	-	-	3,363
Distributions paid and payable	5	-	-	-	(25,467)	(25,467)
<b>Total equity at 31 December 2016</b>		<b>662,332</b>	<b>-</b>	<b>(18,086)</b>	<b>(79,616)</b>	<b>564,630</b>
Total equity at 1 July 2017		662,450	(1,662)	(26,861)	(102,205)	531,722
Loss for the half year		-	-	-	(15,644)	(15,644)
Other comprehensive income for the half year		-	-	2,602	-	2,602
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>-</b>	<b>2,602</b>	<b>(15,644)</b>	<b>(13,042)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Security-based payments	13	-	-	(1,751)	-	(1,751)
Equity issue costs	12	(7)	-	-	-	(7)
Security-based payments - securities/shares issued	12	1,314	-	-	-	1,314
Distributions paid and payable	5	-	-	-	(4,691)	(4,691)
Treasury Shares issued		-	248	-	-	248
Distributions received from treasury shares	14	-	-	-	8	8
<b>Total equity at 26 December 2017</b>		<b>663,757</b>	<b>(1,414)</b>	<b>(26,010)</b>	<b>(122,532)</b>	<b>513,801</b>
<b>ALL Group</b>						
Total equity at 1 July 2016		167,100	-	9,035	(1,252)	174,883
Profit for the half year		-	-	-	11,136	11,136
Other comprehensive income for the half year		-	-	6,678	-	6,678
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>-</b>	<b>6,678</b>	<b>11,136</b>	<b>17,814</b>
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of issue costs		2,609	-	-	-	2,609
Security-based payments - securities/shares issued		949	-	-	-	949
<b>Total equity at 31 December 2016</b>		<b>170,658</b>	<b>-</b>	<b>15,713</b>	<b>9,884</b>	<b>196,255</b>
Total equity at 1 July 2017		170,699	(1,662)	6,185	1,812	177,034
Profit for the half year		-	-	-	19,483	19,483
Other comprehensive loss for the half year		-	-	(288)	-	(288)
<b>Total comprehensive (loss)/income for the half year</b>		<b>-</b>	<b>-</b>	<b>(288)</b>	<b>19,483</b>	<b>19,195</b>
<i>Transactions with owners in their capacity as owners:</i>						
Equity issue costs	12	(2)	-	-	-	(2)
Security-based payments - securities/shares issued	12	437	-	-	-	437
Treasury shares issued		-	248	-	-	248
<b>Total equity at 26 December 2017</b>		<b>171,134</b>	<b>(1,414)</b>	<b>5,897</b>	<b>21,295</b>	<b>196,912</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

## Statements of Cash Flows

### for the half year ended 26 December 2017

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	288,746	347,826	289,406	350,042
Payments to suppliers and employees	(239,141)	(269,265)	(239,639)	(270,249)
Property expenses paid	(39,410)	(49,861)	(40,122)	(48,393)
Payments for construction in progress inventories	(3,355)	(29,993)	(3,355)	(29,993)
Interest received	161	58	21	52
Rent payments to the Trust	-	-	(21,806)	(45,425)
Deposits received for construction in progress	6,390	32,647	6,390	32,647
Receipts of funds for property costs from the Trust	-	-	11,348	25,814
US withholding tax paid	(71)	(19)	-	-
Insurance recoveries	1,467	-	1,467	-
Income tax paid	(158)	(261)	(158)	(2,741)
<b>Net cash flows from operating activities</b>	<b>14,629</b>	<b>31,132</b>	<b>3,552</b>	<b>11,754</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment and intangible assets	(66,560)	(114,443)	(64,125)	(100,245)
Purchase of assets for the Trust	-	-	(1,889)	(15,449)
Receipts of funds for assets purchased on behalf of the Trust	-	-	3,540	11,169
Proceeds from sale of plant and equipment	32	145	32	145
Proceeds from sale of land and buildings	12,583	-	12,583	-
Proceeds from the sale of Health Clubs, net of cash disposed	-	259,328	-	202,530
Proceeds from the sale of Marinas, net of cash disposed	123,080	-	20,664	-
Payments for purchase of investments	-	(3,201)	-	(3,201)
Insurance recoveries relating to damaged assets	4,926	-	4,926	-
<b>Net cash flows from investing activities</b>	<b>74,061</b>	<b>141,829</b>	<b>(24,269)</b>	<b>94,949</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	483,888	844,983	309,794	492,892
Repayments of borrowings	(551,262)	(982,437)	(361,269)	(555,062)
Borrowing costs	(5,444)	(5,992)	(6,540)	(5,342)
Costs of issue of stapled securities	(7)	(36)	(2)	(10)
Distributions received from treasury shares	8	-	8	-
Proceeds from loans from the Trust	-	-	145,893	163,852
Repayments of borrowings to the Trust	-	-	(56,631)	(190,876)
Distributions paid to stapled security holders	(4,691)	(16,182)	-	-
<b>Net cash flows from financing activities</b>	<b>(77,508)</b>	<b>(159,664)</b>	<b>31,253</b>	<b>(94,546)</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,182</b>	<b>13,297</b>	<b>10,536</b>	<b>12,157</b>
Cash and cash equivalents at the beginning of the half year	10,846	9,072	9,356	8,393
Effect of exchange rate changes on cash and cash equivalents	16	(119)	14	(116)
<b>Cash and cash equivalents at the end of the half year</b>	<b>22,044</b>	<b>22,250</b>	<b>19,906</b>	<b>20,434</b>

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## for the half year ended 26 December 2017

### 1. Summary of significant accounting policies

Ardent Leisure Group (Group or Consolidated Group) is a 'stapled' entity comprising Ardent Leisure Trust (Trust) and its controlled entities, and Ardent Leisure Limited (ALL or Company) and its controlled entities. The units in the Trust are stapled to shares in the Company. The stapled securities cannot be traded or dealt with separately. The stapled securities of the Group are listed on the Australian Securities Exchange (ASX).

The significant policies which have been adopted in the preparation of these consolidated interim financial statements for the half year ended 26 December 2017 are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

#### (a) Basis of preparation

As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, issued by the Australian Securities and Investments Commission (ASIC), this interim financial report is a combined report that presents the consolidated financial statements and accompanying notes of both the Ardent Leisure Group and the Ardent Leisure Limited Group.

The interim financial report of Ardent Leisure Group comprises the consolidated financial report of Ardent Leisure Trust and its controlled entities, including the ALL Group and its controlled entities.

The interim financial report of the ALL Group comprises the consolidated financial report of Ardent Leisure Limited and its controlled entities.

These consolidated interim financial statements for the reporting period ended 26 December 2017 have been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards (including AASB 134 *Interim Financial Reporting*) and the *Corporations Act 2001*. They do not include all the notes of the type normally included in the annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual financial report of Ardent Leisure Group for the year ended 30 June 2017 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements have been presented in accordance with ASIC Class Order 13/1050 as amended by ASIC Class Order 13/1644. These Class Orders allow the presentation of consolidated financial statements covering all the entities in a stapled group. There are no non-controlling interests that are attributable to the stapled security holders.

#### **Compliance with IFRS as issued by the IASB**

Compliance with Australian Accounting Standards ensures that the interim financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, these interim financial statements have also been prepared in accordance with and comply with IFRS as issued by the IASB.

#### **New and amended accounting standards adopted by the Group**

The new or amended accounting standards which became effective for the reporting period commencing on 1 July 2017 are set out below:

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*;
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*; and
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*.

There has been no impact to the interim financial statements as a result of the new or amended accounting standards.

#### **Historical cost convention**

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment, investments and derivative financial instruments held at fair value.

# Notes to the Financial Statements

## for the half year ended 26 December 2017

### 1. Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

##### **Critical accounting estimates**

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies. Other than the estimation of the fair value of the Group's assets, which are derived on a consistent basis with that disclosed in the annual financial report of the Group for the year ended 30 June 2017, and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, operating lease make good obligations and Director valuations for some property, plant and equipment, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.

##### **Deficiency of current assets**

As at 26 December 2017, the ALL Group had deficiencies of current assets of \$36.7 million (30 June 2017: \$50.9 million). Due to the nature of the business, the majority of sales are for cash whereas purchases are on credit, resulting in a negative working capital position. Surplus cash is used to repay non-current external loans, resulting in a deficiency of current assets at 26 December 2017. The ALL Group has \$153.9 million (30 June 2017: \$153.4 million) of unused capacity in its bank loans and its loans with the Trust which can be utilised to fund any deficiency in its net current assets.

#### (b) New accounting standards, amendments and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 January 2018 but which the Group has not yet adopted. The Group's and the ALL Group's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

##### **AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018)**

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and may affect the Group's and the ALL Group's accounting for its financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. No material impact is expected on the Group's or the ALL Group's financial statements. The Group and the ALL Group do not intend to adopt AASB 9 before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2019.

##### **AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)**

The IASB has issued a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. The Group is in the process of considering the impact of the new rules on its revenue recognition policies. The Group do not intend to adopt AASB 15 before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2019.

##### **AASB 16 Leases (effective from 1 January 2019)**

The Australian Accounting Standards Board (AASB) has issued a new standard for leases which applies to accounting periods commencing on or after 1 January 2019. Given the number of properties the Group leases under operating leases, it is expected that the impact of this standard will be significant. Specifically, new assets will be recognised (the right to use the leased asset) as well as new liabilities, being the liability to pay rentals. The consolidated Statement of Comprehensive Income will also be affected. The Group is conducting a detailed assessment of the new standard and will assess whether to adopt AASB 16 before its operative date; if not, it would be first applied in the annual reporting period ending 30 June 2020.

##### **Early adoption of standards**

The Group and the ALL Group have not elected to apply any pronouncements before their operative date.

## Notes to the Financial Statements

### for the half year ended 26 December 2017

#### 2. Revenue from operating activities

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
Revenue from services	118,309	110,962	118,309	110,962
Revenue from sale of goods	72,132	67,579	72,132	67,579
<b>Revenue from operating activities</b>	<b>190,441</b>	<b>178,541</b>	<b>190,441</b>	<b>178,541</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 3. Income tax benefit

#### (a) Income tax expense/(benefit)

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
Current tax	(5,742)	(5,485)	(5,942)	(5,546)
Deferred tax	(14,014)	4,865	(14,014)	4,865
Over provided in prior year	-	459	-	459
	<b>(19,756)</b>	<b>(161)</b>	<b>(19,956)</b>	<b>(222)</b>
<b>Income tax (benefit)/expense is attributable to:</b>				
Loss from continuing operations	(19,603)	(2,810)	(19,692)	(2,845)
(Loss)/profit from discontinued operations	(153)	2,649	(264)	2,623
	<b>(19,756)</b>	<b>(161)</b>	<b>(19,956)</b>	<b>(222)</b>
<b>Deferred income tax expense included in income tax (benefit)/expense comprises:</b>				
Decrease/(increase) in deferred tax assets	7,263	(234)	7,263	(234)
(Decrease)/increase in deferred tax liabilities	(21,277)	5,099	(21,277)	5,099
	<b>(14,014)</b>	<b>4,865</b>	<b>(14,014)</b>	<b>4,865</b>

#### (b) Numerical reconciliation of prima facie tax expense to income tax expense/(benefit)

Loss from continuing operations before income tax expense	(41,961)	(100,776)	(18,595)	(10,268)
Profit from discontinued operations before income tax expense	6,561	51,265	18,122	21,182
	<b>(35,400)</b>	<b>(49,511)</b>	<b>(473)</b>	<b>10,914</b>
Less: Profit from the trusts	32,787	70,218	-	-
<b>Prima facie (loss)/profit</b>	<b>(2,613)</b>	<b>20,707</b>	<b>(473)</b>	<b>10,914</b>
Tax at the Australian tax rate of 30% (31 December 2016: 30%)	(784)	6,212	(142)	3,274
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:				
Impairment of goodwill	-	235	-	235
Entertainment	55	73	55	73
Non-deductible depreciation and amortisation	1,067	1,835	-	-
Sundry items	24	(254)	20	78
Employee security-based payment plans	(179)	285	131	285
Gain on disposal of discontinued operations	(6,176)	(9,801)	(6,176)	(5,389)
Selling costs associated with discontinued operation classified as held for sale	470	243	470	243
Deferred tax benefit arising from US tax reforms	(14,944)	-	(14,944)	-
US state taxes	658	562	658	562
Withholding tax	89	34	-	-
Research and development and other credits	(130)	(233)	(130)	(233)
Difference in overseas tax rates	94	189	102	191
Over provided in prior year	-	459	-	459
<b>Income tax benefit</b>	<b>(19,756)</b>	<b>(161)</b>	<b>(19,956)</b>	<b>(222)</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 4. Earnings/(losses) per security/share

	Consolidated Group December 2017	Consolidated Group December 2016	ALL Group December 2017	ALL Group December 2016
Basic (losses)/earnings per security/share (cents) from continuing operations	(4.77)	(20.98)	0.24	(1.59)
Basic earnings per security/share (cents) from discontinued operations	1.43	10.41	3.92	3.97
<b>Total basic (losses)/earnings per security/share (cents)</b>	<b>(3.34)</b>	<b>(10.57)</b>	<b>4.16</b>	<b>2.38</b>
Diluted (losses)/earnings per security/share (cents) from continuing operations	(4.76)	(20.93)	0.23	(1.59)
Diluted earnings per security/share (cents) from discontinued operations	1.43	10.39	3.92	3.97
<b>Total diluted (losses)/earnings per security/share (cents)</b>	<b>(3.33)</b>	<b>(10.54)</b>	<b>4.15</b>	<b>2.38</b>
(Losses)/earnings used in the calculation of basic and diluted earnings per security/share (\$'000)	(15,644)	(49,350)	19,483	11,136
Weighted average number of stapled securities on issue used in the calculation of basic earnings per security/share ('000)	468,832	467,003	468,832	467,003
Weighted average number of stapled securities held by ALL employees under employee share plans ('000)	504	1,154	504	1,154
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per security/share ('000)	469,336	468,157	469,336	468,157

## Notes to the Financial Statements for the half year ended 26 December 2017

### 5. Distributions and dividends paid and payable

The following distributions and dividends were paid and payable by the Group to stapled security holders:

	ALL Group dividend cents per stapled security	Trust distribution cents per stapled security	Consolidated Group Total amount \$'000
<b>2017 distributions for the half year ended:</b>			
26 December 2017*	-	2.00	9,397
30 June 2017	-	1.00	4,691
	-	<b>3.00</b>	<b>14,088</b>
<b>2016 distributions and dividends for the half year ended:</b>			
31 December 2016**	-	2.00	9,382
30 June 2016	-	5.50	25,467
	-	<b>7.50</b>	<b>34,849</b>

\* The distribution totalling 2.00 cents per stapled security for the period ended 26 December 2017 was not declared prior to 26 December 2017. Refer to Note 20.

\*\* The distribution of 2.00 cents per stapled security for the period ended 31 December 2016 was not declared prior to 31 December 2016.

No dividends were paid by the ALL Group during the period.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 6. Derivative financial instruments

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Current assets</b>				
Forward foreign exchange contracts	-	-	-	-
	-	-	-	-
<b>Non-current assets</b>				
Interest rate swaps	540	272	540	196
	<b>540</b>	<b>272</b>	<b>540</b>	<b>196</b>
<b>Current liabilities</b>				
Forward foreign exchange contracts	38	41	-	-
Interest rate swaps	358	964	-	-
	<b>396</b>	<b>1,005</b>	<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>				
Interest rate swaps	327	316	-	29
	<b>327</b>	<b>316</b>	<b>-</b>	<b>29</b>

#### Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to buy US dollars and sell Australian dollars. These contracts total A\$0.8 million (30 June 2017: A\$1.4 million).

The forward contracts do not qualify for hedge accounting and accordingly, changes in fair value of these contracts are recorded in the Income Statement. Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange exposures of the Group.

#### Interest rate swaps

The Group has entered into interest rate swap agreements totalling A\$55.0 million (30 June 2017: A\$70.0 million) and US\$55.0 million (30 June 2017: US\$55.0 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal and oblige it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate. The Group also has forward starting interest rate swaps totalling A\$56.0 million (30 June 2017: \$70.0 million) with start dates from June 2018 and maturities up to June 2019.

All interest rate swap agreements qualify as cash flow hedges. Accordingly, the change in fair value of these swaps is recorded in the cash flow hedge reserve. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement. Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are effective in offsetting the economic interest rate exposures of the Group and the ALL Group.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 7. Construction in progress

Construction in progress inventories relate to Main Event Centres being constructed by the Group but contractually held for resale under an agreement that the Group has entered into with a third party. Once the Group has satisfied the requirements of the agreement and acceptance of the centre by the third party has occurred, the risks and rewards pass to the third party and a sale is recorded. The costs funded by the third party during the course of construction are recorded as a current liability, construction in progress deposits, and upon acceptance of the centre by the third party, this liability and related construction in progress inventories are settled. Any net realisable value adjustment is recorded in the Income Statement as a gain/loss on sale of the construction in progress inventories.

At 26 December 2017, the Group had agreements for construction of four Main Event Centres. These agreements set out agreed construction timetables, estimated costs and other key terms, including the right of the third party to exercise a put option and recover deposits advanced to the Group should construction not be completed within agreed timeframes. At 26 December 2017, construction on three of these centres was complete, with the remaining centre expected to be completed within 12 months and agreed timeframes.

A reconciliation of the carrying amount of the construction in progress inventories at the beginning and end of the current period is set out below:

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Construction in progress inventories</b>				
Carrying amount at the beginning of the period	56,756	61,796	56,756	61,796
Additions	3,355	58,670	3,355	58,670
Disposals	(22,812)	(63,985)	(22,812)	(63,985)
Foreign exchange movements	(54)	275	(54)	275
<b>Carrying amount at the end of the period</b>	<b>37,245</b>	<b>56,756</b>	<b>37,245</b>	<b>56,756</b>

A reconciliation of the carrying amount of the construction in progress deposits liability at the beginning and end of the current period is set out below:

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Construction in progress deposits</b>				
Carrying amount at the beginning of the period	50,050	55,494	50,050	55,494
Deposits advanced	6,390	58,123	6,390	58,123
Settlements of deposits advanced	(22,812)	(63,985)	(22,812)	(63,985)
Foreign exchange movements	43	418	43	418
<b>Carrying amount at the end of the period</b>	<b>33,671</b>	<b>50,050</b>	<b>33,671</b>	<b>50,050</b>

# Notes to the Financial Statements

## for the half year ended 26 December 2017

### 8. Discontinued operations

#### (a) Overview

On 20 December 2017, the Group announced its decision to dispose of its entire interest in the Bowling and Entertainment division for a sale price of \$160.0 million. Completion is expected to occur in the first half of 2018 and remains subject to the satisfaction of customary conditions precedent. The division comprises 43 bowling centres and seven amusement arcades located in Australia and one bowling centre located in New Zealand.

On 12 December 2016, the Group announced its decision to dispose of its entire interest in the Marinas business for a sale price of \$126.0 million. Completion occurred effective 14 August 2017, resulting in a gain in the period of \$4.7 million net of selling costs. The Marinas business, previously a reportable segment, comprised seven marinas across New South Wales and Victoria.

In the prior year, the Group completed the sale of the Health Clubs business on 25 October 2016, for gross consideration of \$260.0 million resulting in a gain of \$44.8 million, net of selling costs. The Health Clubs business, previously a reportable segment, comprised 76 Goodlife health clubs in Queensland, New South Wales, Victoria, South Australia and Western Australia, including 14 in-club Hypoxi studios. The division also included two independent Hypoxi studios in New South Wales and two independent Hypoxi studios in Phoenix, Arizona.

#### (b) Financial performance

The financial performance for the half year ended 26 December 2017 was as follows:

Note	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
Revenue	75,113	138,631	75,113	138,631
Expenses	(71,644)	(131,769)	(75,710)	(135,022)
<b>Profit/(loss) before income tax</b>	<b>3,469</b>	<b>6,862</b>	<b>(597)</b>	<b>3,609</b>
Income tax benefit/(expense)	153	(2,478)	264	(2,452)
<b>Profit/(loss) after income tax of discontinued operations</b>	<b>3,622</b>	<b>4,384</b>	<b>(333)</b>	<b>1,157</b>
Gain on sale of the Marinas business after tax	8(e) 4,678	-	20,291	-
Costs incurred relating to the sale of the Marinas business	-	(574)	-	(810)
Gain on sale of the Health Clubs business after tax	8(f) -	44,806	-	18,212
Costs incurred relating to the sale of the Health Clubs business	(95)	-	(81)	-
Costs incurred relating to the sale of the Bowling and Entertainment business currently held for sale	(1,491)	-	(1,491)	-
<b>Profit from discontinued operations after tax</b>	<b>6,714</b>	<b>48,616</b>	<b>18,386</b>	<b>18,559</b>

In the above table, current year discontinued operations relates to Bowling & Entertainment and Marinas. Prior year comparatives includes these businesses and the Health Clubs business which was disposed in October 2016.

#### (c) Cash flow information

The cash flows for the period ended 26 December 2017 were as follows:

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
Net cash inflow from operating activities	15,061	21,908	12,189	7,144
Net cash inflow/(outflow) from investing activities	103,555	236,047	(17,020)	193,888
Net cash inflow from financing activities	6,385	2,601	6,300	2,641
<b>Net increase in cash generated by the discontinued operations</b>	<b>125,001</b>	<b>260,556</b>	<b>1,469</b>	<b>203,673</b>

In the above table, current year discontinued operations relates to Bowling & Entertainment and Marinas. Prior year comparatives includes these businesses and the Health Clubs business which was disposed in October 2016.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 8. Discontinued operations (continued)

#### (c) Cash flow information (continued)

The net cash inflow from investing activities for the Consolidated Group in the period to 26 December 2017 includes an inflow net of selling costs of \$123.1 million from the disposal of the Marinas business. The period to 31 December 2016 included an inflow net of selling costs of \$253.3 million from the disposal of the Health Clubs business.

The net cash inflow from investing activities in the ALL Group in the period to 26 December 2017 includes an inflow net of selling costs of \$20.7 million from the disposal of the Marinas business. 31 December 2016 included an inflow net of selling costs of \$197.4 million from the disposal of the Health Clubs business.

#### (d) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation at 26 December 2017:

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Assets classified as held for sale</b>				
Cash and cash equivalents	-	4	-	4
Receivables	2,051	618	2,051	618
Inventories	4,972	181	4,972	181
Deferred tax assets	1,691	32	1,691	32
Investment properties	-	108,494	-	-
Property, plant and equipment	131,147	10,473	48,685	2,079
Intangible assets	26,210	-	26,210	-
Other	1,463	919	803	330
<b>Total assets of disposal group held for sale</b>	<b>167,534</b>	<b>120,721</b>	<b>84,412</b>	<b>3,244</b>
<b>Liabilities directly associated with assets classified as held for sale</b>				
Payables	(28,349)	(3,777)	(20,175)	(3,443)
Provisions	(7,066)	(100)	(1,935)	(100)
Deferred tax liabilities	(739)	-	(739)	-
Other	-	(1,015)	-	(1,015)
<b>Total liabilities of disposal group held for sale</b>	<b>(36,154)</b>	<b>(4,892)</b>	<b>(22,849)</b>	<b>(4,558)</b>

In the above table, assets and liabilities of the Bowling and Entertainment division has been classified as held for sale at 26 December 2017 and assets and liabilities of the Marinas division have been classified as held for sale at 30 June 2017.

#### (e) Details of the sale of the Marinas business

##### Gain on sale

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
<b>Consideration received or receivable</b>				
Base consideration	126,000	-	22,756	-
Cash adjustment for working capital adjustments	(2,917)	-	(2,089)	-
<b>Total disposal consideration</b>	<b>123,083</b>	<b>-</b>	<b>20,667</b>	<b>-</b>
Selling costs	(1,756)	-	(402)	-
Carrying amount of net (assets)/liabilities sold	(116,649)	-	26	-
<b>Gain on sale before income tax</b>	<b>4,678</b>	<b>-</b>	<b>20,291</b>	<b>-</b>
Income tax expense on gain	-	-	-	-
<b>Gain on sale after income tax</b>	<b>4,678</b>	<b>-</b>	<b>20,291</b>	<b>-</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 8. Discontinued operations (continued)

#### (e) Details of the sale of the Marinas business (continued)

##### Carrying value of assets on sale

The carrying amount of assets and liabilities as at the 14 August 2017 date of sale were:

	Consolidated Group 14 August 2017 \$'000	ALL Group 14 August 2017 \$'000
Cash and cash equivalents	3	3
Receivables	1,132	1,132
Inventories	143	143
Property, plant and equipment	118,613	2,077
Other	693	235
<b>Total assets</b>	<b>120,584</b>	<b>3,590</b>
Payables	(3,864)	(3,545)
Provisions	(71)	(71)
<b>Total liabilities</b>	<b>(3,935)</b>	<b>(3,616)</b>
<b>Net assets</b>	<b>116,649</b>	<b>(26)</b>

#### (f) Details of the sale of the Health Clubs business

##### Gain on sale

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
<b>Consideration received or receivable</b>				
Base consideration	-	260,000	-	203,200
Cash adjustment for working capital adjustments	-	(416)	-	(416)
<b>Total disposal consideration</b>	<b>-</b>	<b>259,584</b>	<b>-</b>	<b>202,784</b>
Selling costs	-	(6,253)	-	(5,393)
Carrying amount of net assets sold	-	(208,354)	-	(179,008)
<b>Gain on sale before income tax</b>	<b>-</b>	<b>44,977</b>	<b>-</b>	<b>18,383</b>
Income tax expense on gain	-	(171)	-	(171)
<b>Gain on sale after income tax</b>	<b>-</b>	<b>44,806</b>	<b>-</b>	<b>18,212</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 8. Discontinued operations (continued)

#### (f) Details of the sale of the Health Clubs business (continued)

##### Carrying value of assets on sale

The carrying amount of assets and liabilities as at the 25 October 2016 date of sale were:

	Consolidated Group 25 October 2016 \$'000	ALL Group 25 October 2016 \$'000
Cash and cash equivalents	256	254
Receivables	4,324	4,324
Inventories	1,574	1,574
Deferred tax assets	2,565	2,565
Property, plant and equipment	82,131	38,070
Intangible assets	151,950	151,950
Other	5,051	5,044
<b>Total assets</b>	<b>247,851</b>	<b>203,781</b>
Payables	(30,523)	(21,346)
Provisions	(8,974)	(3,427)
<b>Total liabilities</b>	<b>(39,497)</b>	<b>(24,773)</b>
<b>Net assets</b>	<b>208,354</b>	<b>179,008</b>

### 9. Property, plant and equipment

#### Consolidated Group

Property	Note	Cost less accumulated depreciation December 2017 \$'000	Cumulative revaluation decrements December 2017 \$'000	Consolidated book value December 2017 \$'000	Cost less accumulated depreciation June 2017 \$'000	Cumulative revaluation increments/ (decrements) June 2017 \$'000	Consolidated book value June 2017 \$'000
Theme Parks	(1) (2) (3)	225,034	(59,763)	165,271	223,361	(36,922)	186,439
Bowling and Entertainment	(4)	-	-	-	119,712	1,191	120,903
Main Event		341,445	-	341,445	327,445	-	327,445
Other		1,647	-	1,647	1,653	-	1,653
<b>Total</b>		<b>568,126</b>	<b>(59,763)</b>	<b>508,363</b>	<b>672,171</b>	<b>(35,731)</b>	<b>636,440</b>

- (1) The book value of Dreamworld and WhiteWater World land and buildings and major rides and attractions (including intangible assets of \$1.1 million (30 June 2017: \$1.2 million) and livestock of \$0.3 million (30 June 2017: \$0.3 million) is \$130.0 million (30 June 2017: \$151.8 million). Having regard to independent advice at 26 December 2017 by Jones Lang LaSalle, the fair value of these assets was assessed to be in the range of \$125.0 - \$147.0 million (30 June 2017: \$146.0 - \$154.0 million). The Directors have assessed the fair value of those assets to be \$130.0 million. Refer to additional Theme Parks valuation information below.
- (2) The excess land adjacent to Dreamworld has been valued by the Directors at \$3.6 million (30 June 2017: \$3.6 million).
- (3) The book value of SkyPoint (including intangible assets of \$3.6 million (30 June 2017: \$3.6 million) is \$36.3 million (30 June 2017: \$36.0 million). In an independent valuation performed at 30 June 2017 by Jones Lang LaSalle, the fair value for SkyPoint was assessed to be \$36.0 million. The Directors have assessed the fair value of SkyPoint at 26 December 2017 to be \$36.3 million.
- (4) At 26 December 2017, the Directors assessed the fair value of the one remaining freehold building to be \$1.6 million (30 June 2017: \$1.6 million). The freehold building was last independently valued at 30 June 2016 at \$1.6 million.

The revaluation model of accounting is used for Theme Parks land, buildings and major rides and attractions. All other classes of property, plant and equipment are carried at historic cost. Assets carried under the revaluation model are carried at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 9. Property, plant and equipment (continued)

#### Theme Parks valuation

On 25 October 2016, an incident on the Thunder River Rapids ride at Dreamworld resulted in four fatalities at the Theme Park. The park and adjoining WhiteWater World were subsequently closed for 45 days. On 10 December 2016, the parks were reopened following successful completion of a multi-tiered mechanical and operational safety review with all WhiteWater World slides, pools and cabanas and several of Dreamworld's rides and attractions operational at that date. Dreamworld's other rides were progressively reopened as they were signed off as part of the safety review process.

The impact of the incident, subsequent closure of the parks and progressive reopening of rides, negatively impacted attendance and revenues. As a result, in the prior year, the Group recognised a revaluation decrement to the property, plant and equipment of Dreamworld and WhiteWater World of \$91.7 million, of which \$88.7 million was recognised in the Income Statement and \$3.0 million was recognised in reserves.

At 26 December 2017, the valuation of Dreamworld and WhiteWater World has been determined in accordance with AASB 13 *Fair Value Measurement* which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants. This Standard requires that the valuation take account of the benefits attainable under the highest and best use, provided that any alternate uses are physically possible, legally permissible and financially feasible.

Under the Standard, uses that are legally permissible take into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning restrictions applicable to a property).

At 26 December 2017, the Group has engaged independent valuation specialists from Jones Lang LaSalle to undertake a valuation assessment of the property. The valuer has considered the work undertaken in the prior year (as set out in the annual financial report for the year ended 30 June 2017) and reviewed management's updated forecasts in light of the park's performance and market conditions.

The significant unobservable inputs associated with the valuation of the Dreamworld and WhiteWater World valuation are as follows:

	December 2017	June 2017
Capitalisation rate	11.50%	12.25%
Discount rate	14.25% - 14.75%	14.75% - 15.25%
Terminal yield	11.75% - 12.25%	12.25% - 12.75%
Year 1-3 Average Annual EBITDA (\$'000)	16,779	19,055

In addition, the valuer has assumed a gradual recovery of attendances to FY16 (pre-incident) levels over the next four years, with FY18 attendances estimated to be approximately 74% of FY16 levels.

The independent valuer has noted the material valuation uncertainty which exists both in terms of market disruption (e.g. liquidity) and availability of inputs (e.g. cash flows, discount rates and capitalisation rates) which could impact the valuation of these assets.

The sensitivity of the fair values of the investment properties and land and buildings in relation to the significant unobservable inputs is set out in the table below:

	Capitalisation rate (%)	Discount rate (%)	Terminal yield (%)	FY18 EBITDA
Fair value measurement sensitivity to 0.5% increase in rate	- \$5.4 million	- \$4.8 million	- \$2.5 million	n/a
Fair value measurement sensitivity to 0.5% decrease in rate	+ \$5.9 million	+ \$5.1 million	+ \$2.7 million	n/a
Fair value measurement sensitivity to 10.0% increase in assumed FY19 attendance levels	n/a	n/a	n/a	+ \$3.1 million
Fair value measurement sensitivity to 10.0% decrease in assumed FY19 attendance levels	n/a	n/a	n/a	- \$3.1 million

## Notes to the Financial Statements for the half year ended 26 December 2017

### 9. Property, plant and equipment (continued)

#### Theme Parks valuation (continued)

When calculating the income capitalisation approach, EBITDA has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

There are no other significant inter-relationships between unobservable inputs that materially affect the fair value.

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current and previous periods is set out below:

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
Carrying amount at the beginning of the period	636,440	683,759	374,587	287,061
Additions	63,116	191,111	60,847	170,940
Disposal relating to the sale of Health Clubs	-	(82,131)	-	(38,070)
Transfer to intangible assets	-	(400)	-	(400)
Transfer to assets classified as held for sale - Bowling and Entertainment	(131,147)	-	(48,685)	-
Disposals	(9,198)	(4,177)	(9,096)	(1,183)
Depreciation	(26,839)	(51,299)	(20,601)	(33,623)
Foreign exchange movements	(1,168)	(10,316)	(1,137)	(10,255)
Revaluation decrements	(22,841)	(89,962)	-	-
(Impairment)/impairment reversal	-	(145)	-	117
<b>Carrying amount at the end of the period</b>	<b>508,363</b>	<b>636,440</b>	<b>355,915</b>	<b>374,587</b>

### 10. Intangible assets

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
Goodwill at cost	66,478	95,452	66,478	95,452
Accumulated impairment charge	(8,514)	(12,481)	(8,514)	(12,481)
	<b>57,964</b>	<b>82,971</b>	<b>57,964</b>	<b>82,971</b>
Other intangible assets at cost	17,872	21,364	17,872	19,936
Accumulated amortisation	(5,625)	(7,748)	(5,625)	(6,320)
	<b>12,247</b>	<b>13,616</b>	<b>12,247</b>	<b>13,616</b>
<b>Total intangible assets</b>	<b>70,211</b>	<b>96,587</b>	<b>70,211</b>	<b>96,587</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 10. Intangible assets (continued)

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Customer relationships</b>				
Opening net book amount	-	2,202	-	2,202
Additions	-	-	-	-
Disposals	-	(1,652)	-	(1,652)
Amortisation	-	(550)	-	(550)
<b>Closing net book amount</b>	-	-	-	-
<b>Brands</b>				
Opening net book amount	-	5,715	-	5,715
Additions	-	-	-	-
Disposals	-	(5,328)	-	(5,328)
Amortisation	-	(359)	-	(359)
Foreign exchange movements	-	(28)	-	(28)
<b>Closing net book amount</b>	-	-	-	-
<b>Goodwill</b>				
Opening net book amount	82,971	228,033	82,971	228,033
Additions	-	-	-	-
Disposals	-	(142,432)	-	(142,432)
Transfer to assets held for sale	(24,696)	-	(24,696)	-
Impairment	-	(783)	-	(783)
Foreign exchange movements	(311)	(1,847)	(312)	(1,847)
<b>Closing net book amount</b>	<b>57,964</b>	<b>82,971</b>	<b>57,963</b>	<b>82,971</b>
<b>Other intangible assets</b>				
Opening net book amount	13,616	10,179	13,616	10,179
Additions	1,754	8,530	1,754	8,530
Transfer from property, plant and equipment	-	400	-	400
Disposals	-	(2,640)	-	(2,640)
Transfer to assets held for sale	(1,514)	-	(1,514)	-
Amortisation	(1,595)	(2,724)	(1,595)	(2,724)
Foreign exchange movements	(14)	(129)	(13)	(129)
<b>Closing net book amount</b>	<b>12,247</b>	<b>13,616</b>	<b>12,248</b>	<b>13,616</b>
<b>Total intangible assets</b>	<b>70,211</b>	<b>96,587</b>	<b>70,211</b>	<b>96,587</b>

Detailed impairment testing was performed at 30 June 2017 for goodwill. Refer to Note 21 to the annual financial statements for the year ended 30 June 2017 for further details of the key assumptions used in this testing and sensitivity analysis for each of the business segments.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 11. Interest bearing liabilities

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Current</b>				
Bank loan - term debt	69,601	54,466	69,601	-
Less: Amortised costs - bank loan	(378)	-	(96)	-
<b>Total current</b>	<b>69,223</b>	<b>54,466</b>	<b>69,505</b>	<b>-</b>
<b>Non-current</b>				
Bank loan - term debt	93,272	178,793	33,705	157,793
Less: Amortised costs - bank loan	(78)	(632)	(78)	(290)
Loans from the Trust	-	-	152,137	61,341
<b>Total non-current</b>	<b>93,194</b>	<b>178,161</b>	<b>185,764</b>	<b>218,844</b>
<b>Total interest bearing liabilities</b>	<b>162,417</b>	<b>232,627</b>	<b>255,269</b>	<b>218,844</b>

The terms of the debt also impose certain covenants on the Group as follows:

- Debt serviceability ratio, being the ratio of debt to EBITDA adjusted for unrealised and one off items (adjusted EBITDA);
- Fixed charge cover ratio, being the ratio of adjusted EBITDA to fixed rent and interest charges; and
- Capital expenditure.

#### Credit facilities

As at 26 December 2017, the Group had unrestricted access to the following credit facilities:

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
A\$ syndicated facilities	66,667	133,334	-	-
Amount used	(59,567)	(75,466)	-	-
<b>Amount unused</b>	<b>7,100</b>	<b>57,868</b>	<b>-</b>	<b>-</b>
US\$ syndicated facilities	248,898	249,610	229,916	230,574
Amount used	(103,306)	(157,793)	(103,306)	(157,793)
<b>Amount unused</b>	<b>145,592</b>	<b>91,817</b>	<b>126,610</b>	<b>72,781</b>
Trust facilities	-	-	179,463	141,958
Amount used	-	-	(152,137)	(61,341)
<b>Amount unused</b>	<b>-</b>	<b>-</b>	<b>27,326</b>	<b>80,617</b>
Total facilities	315,565	382,944	409,379	372,532
Total amount used	(162,873)	(233,259)	(255,443)	(219,134)
<b>Total amount unused</b>	<b>152,692</b>	<b>149,685</b>	<b>153,936</b>	<b>153,398</b>

# Notes to the Financial Statements

## for the half year ended 26 December 2017

### 11. Interest bearing liabilities (continued)

#### Credit facilities (continued)

##### Consolidated Group

The Group has access to A\$66.7 million (30 June 2017: A\$133.3 million) syndicated facilities and US\$192.0 million (A\$248.9 million) (30 June 2017: US\$192.0 million (A\$249.6 million)) syndicated facilities. A\$66.7 million (30 June 2017: A\$66.7 million) of the AUD facilities will mature on 10 August 2019 and A\$66.7 million originally maturing in August 2018 was cancelled following the sale of the Marinas business in August 2017. US\$68.3 million (30 June 2017: US\$68.3 million) of the USD facilities will mature on 10 August 2018, US\$93.3 million (30 June 2017: US\$93.3 million) will mature on 10 August 2019 and US\$30.3 million (30 June 2017: US\$30.3 million) will mature on 10 August 2020.

All of the facilities have a variable interest rate. As detailed in Note 6, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average interest rates payable on the loans at 26 December 2017, including the impact of the interest rate swaps, is 6.51% per annum for AUD denominated debt (30 June 2017: 5.39% per annum) and 4.66% per annum for USD denominated debt (30 June 2017: 3.19% per annum).

##### ALL Group

Subject to the Trust loan facilities conditions being met, the facilities may be drawn down with two business days' notice.

Australian dollar Trust loan facilities totalling \$82.2 million (30 June 2017: \$82.2 million) have a maturity date of 10 August 2018. In addition, the ALL Group has US\$75.0 million (A\$97.2 million) (30 June 2017: US\$45.9 million (A\$59.7 million)) facilities with the Trust maturing on 26 October 2019.

The ALL Group has access to US\$177.4 million (A\$229.9 million) (30 June 2017: US\$177.4 million (A\$230.6 million)) syndicated facilities. US\$53.7 million of the facilities will mature on 10 August 2018, US\$93.3 million will mature on 10 August 2019 and US\$30.3 million will mature on 10 August 2020.

### 12. Contributed equity

No. of securities/shares	Details	Date of income entitlement	Note	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
463,039,616	Securities/shares on issue	30 Jun 2016			649,720		167,100
4,812,776	DRP issue	1 Jul 2016	(a)		9,285		2,619
1,300,892	Security-based payments - securities/shares issued	1 Jul 2016	(b)		3,483		991
-	Issue costs paid				(38)		(11)
469,153,284	Securities/shares on issue	30 Jun 2017		662,450	662,450	170,699	170,699
681,149	Security-based payments - securities/shares issued	1 Jul 2017	(b)	1,314		437	
-	Issue costs paid			(7)		(2)	
<b>469,834,433</b>	<b>Securities/shares on issue</b>	<b>26 Dec 2017</b>		<b>663,757</b>	<b>662,450</b>	<b>171,134</b>	<b>170,699</b>

#### (a) Distribution Reinvestment Plan (DRP) issues

The Group has established a DRP under which stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than being paid in cash. The discount available on stapled securities issued under the DRP is 2.0% on the market price. The DRP will be in operation for the distribution for the half year ended 26 December 2017.

#### (b) Security-based payments

The Group has Deferred Short Term Incentive Plan (DSTI) and Long Term Incentive Plan (LTIP) remuneration arrangements under which performance rights are issued to certain management and other personnel within the Group as part of their remuneration arrangements. These performance rights are subject to vesting conditions as set out in the 30 June 2017 annual report. Upon vesting, the Group issues stapled securities to these personnel.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 13. Reserves

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000	ALL Group December 2017 \$'000	ALL Group June 2017 \$'000
<b>Asset revaluation reserve</b>				
Opening balance	16,221	17,436	3,416	3,416
Revaluation - Theme Parks	-	(1,215)	-	-
<b>Closing balance</b>	<b>16,221</b>	<b>16,221</b>	<b>3,416</b>	<b>3,416</b>
<b>Cash flow hedge reserve</b>				
Opening balance	(903)	(3,495)	37	(950)
Movement in effective cash flow hedges	652	3,154	360	1,549
Tax on movement on US cash flow hedges	(89)	(562)	(89)	(562)
<b>Closing balance</b>	<b>(340)</b>	<b>(903)</b>	<b>308</b>	<b>37</b>
<b>Foreign currency translation reserve</b>				
Opening balance	(36,376)	(33,096)	2,732	6,569
Translation of foreign operations	2,039	(3,280)	(559)	(3,837)
<b>Closing balance</b>	<b>(34,337)</b>	<b>(36,376)</b>	<b>2,173</b>	<b>2,732</b>
<b>Stapled security-based payment reserve</b>				
Opening balance	(5,803)	(5,783)	-	-
Option expense	(1,751)	(20)	-	-
<b>Closing balance</b>	<b>(7,554)</b>	<b>(5,803)</b>	<b>-</b>	<b>-</b>
<b>Total reserves</b>	<b>(26,010)</b>	<b>(26,861)</b>	<b>5,897</b>	<b>6,185</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment.

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 6.

Exchange differences arising on the translation of foreign controlled entities are taken to the foreign currency translation reserve. In addition, on consolidation, exchange differences on loans denominated in foreign currencies are taken directly to the foreign currency translation reserve where the loan is considered part of the net investment in that foreign operation.

The stapled security-based payment reserve is used to recognise the fair value of performance rights issued to employees but not yet exercised under the Group's Deferred Short Term Incentive and Long Term Incentive Plans.

## Notes to the Financial Statements for the half year ended 26 December 2017

### 14. (Accumulated losses)/retained profits

	Consolidated Group December 2017 \$'000	Consolidated Group December 2016 \$'000	ALL Group December 2017 \$'000	ALL Group December 2016 \$'000
Opening balance	(102,205)	(4,799)	1,812	(1,252)
(Loss)/profit for the half year	(15,644)	(49,350)	19,483	11,136
Available for distribution	(117,849)	(54,149)	21,295	9,884
Distributions received from treasury shares	8	-	-	-
Distributions and dividends paid and payable	(4,691)	(25,467)	-	-
<b>Closing balance</b>	<b>(122,532)</b>	<b>(79,616)</b>	<b>21,295</b>	<b>9,884</b>

The Trust distribution for the period ended 26 December 2017 totalling 2.00 cents per stapled security, or \$9.4 million, had not been declared at half year end. This will be paid on or before 28 February 2018 as described in Note 20.

### 15. Net tangible assets

	Consolidated Group December 2017 \$'000	Consolidated Group June 2017 \$'000
Net tangible assets are calculated as follows:		
Total assets	852,718	974,213
Less: Intangible assets	(70,211)	(96,587)
Less: Total liabilities	(338,917)	(442,491)
<b>Net tangible assets</b>	<b>443,590</b>	<b>435,135</b>
Total number of stapled securities on issue	469,834,433	469,153,284
Net tangible asset backing per stapled security	\$0.94	\$0.93

## Notes to the Financial Statements for the half year ended 26 December 2017

### 16. Segment information

#### Business segments

The Group is organised on a global basis into the following divisions by product and service type:

##### **Main Event**

This segment comprises 38 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Indiana, Pennsylvania and Tennessee, United States of America.

##### **Theme Parks**

This segment comprises Dreamworld and WhiteWater World in Coomera, Queensland and the SkyPoint observation deck and climb in Surfers Paradise, Queensland.

##### **Bowling and Entertainment**

This segment comprises 43 bowling centres and seven amusement arcades located in Australia and one bowling centre located in New Zealand and is classified as a discontinued operation due to being held for sale at 26 December 2017 (refer to Note 8).

##### **Marinas**

Up until the date of sale effective 14 August 2017, this segment comprised seven d'Albora Marina properties, located in New South Wales and Victoria.

##### **Health Clubs**

This segment was sold in the prior year on 25 October 2016.

## Notes to the Financial Statements

### for the half year ended 26 December 2017

#### 16. Segment information (continued)

Business segment

Consolidated Group - 1<sup>st</sup> July 2017 to 26<sup>th</sup> December 2017

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Bowling & Entertainment \$'000	Marinas \$'000	Health Clubs \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>155,774</b>	<b>34,662</b>	<b>5</b>	<b>190,441</b>	<b>72,460</b>	<b>2,653</b>	<b>-</b>	<b>75,113</b>	<b>265,554</b>
<b>Segment EBITDA</b>	<b>16,429</b>	<b>(25,450)</b>	<b>(6,683)</b>	<b>(15,704)</b>	<b>8,774</b>	<b>5,418</b>	<b>(95)</b>	<b>14,097</b>	<b>(1,607)</b>
Depreciation and amortisation	(16,122)	(4,250)	(593)	(20,965)	(7,483)	-	-	(7,483)	(28,448)
<b>Segment EBIT</b>	<b>307</b>	<b>(29,700)</b>	<b>(7,276)</b>	<b>(36,669)</b>	<b>1,291</b>	<b>5,418</b>	<b>(95)</b>	<b>6,614</b>	<b>(30,055)</b>
Borrowing costs				(5,453)				(53)	(5,506)
Interest income				161				-	161
<b>Net (loss)/profit before tax</b>				<b>(41,961)</b>				<b>6,561</b>	<b>(35,400)</b>
Income tax benefit				19,603				153	19,756
<b>Net (loss)/profit after tax</b>				<b>(22,358)</b>				<b>6,714</b>	<b>(15,644)</b>
The segment EBITDA above includes the following specific items:									
Valuation loss - property, plant and equipment	-	(22,841)	-	(22,841)	-	-	-	-	(22,841)
Pre-opening expenses	(1,966)	-	-	(1,966)	(568)	-	-	(568)	(2,534)
Dreamworld incident costs, net of insurance recoveries	-	(1,926)	-	(1,926)	-	-	-	-	(1,926)
Restructuring and other non-recurring items	(1,732)		(1,334)	(3,066)	-	-	-	-	(3,066)
Gain on sale of discontinued operations	-	-	-	-	-	4,678	(95)	4,583	4,583
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(1,491)	-	-	(1,491)	(1,491)
Loss on disposal of assets	(653)	(105)	(66)	(824)	(64)	(29)	-	(93)	(917)
	<b>(4,351)</b>	<b>(24,872)</b>	<b>(1,400)</b>	<b>(30,623)</b>	<b>(2,123)</b>	<b>4,649</b>	<b>(95)</b>	<b>2,431</b>	<b>(28,192)</b>
The income tax benefit above includes the following specific item:									
Tax impact of specific items listed above	1,218	579	420	2,217	636	89	-	725	2,942
Restatement of deferred tax balances to reflect US tax reforms	14,931	-	-	14,931	-	-	-	-	14,931
	<b>16,149</b>	<b>579</b>	<b>420</b>	<b>17,148</b>	<b>636</b>	<b>89</b>	<b>-</b>	<b>725</b>	<b>17,873</b>

## Notes to the Financial Statements

### for the half year ended 26 December 2017

#### 16. Segment information (continued)

Business segment

Consolidated Group - 1<sup>st</sup> July 2016 to 31<sup>st</sup> December 2016

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Bowling & Entertainment \$'000	Marinas \$'000	Health Clubs \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>136,765</b>	<b>41,775</b>	<b>1</b>	<b>178,541</b>	<b>64,346</b>	<b>11,608</b>	<b>62,677</b>	<b>138,631</b>	<b>317,172</b>
<b>Segment EBITDA</b>	<b>17,814</b>	<b>(89,357)</b>	<b>(6,932)</b>	<b>(78,475)</b>	<b>7,357</b>	<b>4,476</b>	<b>53,237</b>	<b>65,070</b>	<b>(13,405)</b>
Depreciation and amortisation	(11,092)	(4,511)	(603)	(16,206)	(7,662)	-	(6,064)	(13,726)	(29,932)
<b>Segment EBIT</b>	<b>6,722</b>	<b>(93,868)</b>	<b>(7,535)</b>	<b>(94,681)</b>	<b>(305)</b>	<b>4,476</b>	<b>47,173</b>	<b>51,344</b>	<b>(43,337)</b>
Borrowing costs				(6,153)				(79)	(6,232)
Interest income				58				-	58
<b>Net (loss)/profit before tax</b>				<b>(100,776)</b>				<b>51,265</b>	<b>(49,511)</b>
Income tax benefit				2,810				(2,649)	161
<b>Net (loss)/profit after tax</b>				<b>(97,966)</b>				<b>48,616</b>	<b>(49,350)</b>
The segment EBITDA above includes the following specific items:									
Valuation loss - property, plant and equipment	-	(90,620)	-	(90,620)	-	-	-	-	(90,620)
Impairment of goodwill	-	(783)	-	(783)	-	-	-	-	(783)
Impairment of property, plant and equipment	-	-	-	-	(222)	-	110	(112)	(112)
Pre-opening expenses	(6,107)	-	-	(6,107)	(758)	-	-	(758)	(6,865)
Dreamworld incident costs	-	(3,800)	-	(3,800)	-	-	-	-	(3,800)
Gain on sale of discontinued operations	-	-	-	-	-	-	44,977	44,977	44,977
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	(574)	-	(574)	(574)
Loss on disposal of assets	(319)	(27)	-	(346)	(255)	(51)	(601)	(907)	(1,253)
	<b>(6,426)</b>	<b>(95,230)</b>	<b>-</b>	<b>(101,656)</b>	<b>(1,235)</b>	<b>(625)</b>	<b>44,486</b>	<b>42,626</b>	<b>(59,030)</b>
Tax impact of specific items listed above	2,185	1,070	-	3,255	264	-	55	319	3,574

## Notes to the Financial Statements

### for the half year ended 26 December 2017

#### 16. Segment information (continued)

Business segment

ALL Group - 1<sup>st</sup> July 2017 to 26<sup>th</sup> December 2017

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Bowling & Entertainment \$'000	Marinas \$'000	Health Clubs \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>155,774</b>	<b>34,662</b>	<b>5</b>	<b>190,441</b>	<b>72,460</b>	<b>2,653</b>	<b>-</b>	<b>75,113</b>	<b>265,554</b>
<b>Segment EBITDA</b>	<b>16,429</b>	<b>(3,709)</b>	<b>(7,010)</b>	<b>5,710</b>	<b>1,845</b>	<b>20,667</b>	<b>(81)</b>	<b>22,431</b>	<b>28,141</b>
Depreciation and amortisation	(16,122)	(1,323)	(593)	(18,038)	(4,172)	-	-	(4,172)	(22,210)
<b>Segment EBIT</b>	<b>307</b>	<b>(5,032)</b>	<b>(7,603)</b>	<b>(12,328)</b>	<b>(2,327)</b>	<b>20,667</b>	<b>(81)</b>	<b>18,259</b>	<b>5,931</b>
Borrowing costs				(6,288)				(137)	(6,425)
Interest income				21				-	21
<b>Net (loss)/profit before tax</b>				<b>(18,595)</b>				<b>18,122</b>	<b>(473)</b>
Income tax benefit				19,692				264	19,956
<b>Net profit after tax</b>				<b>1,097</b>				<b>18,386</b>	<b>19,483</b>
The segment EBITDA above includes the following specific items:									
Pre-opening expenses	(1,966)	-	-	(1,966)	(568)	-	-	(568)	(2,534)
Dreamworld incident costs, net of insurance recoveries	-	(1,926)	-	(1,926)	-	-	-	-	(1,926)
Restructuring and other non-recurring items	(1,732)		(1,334)	(3,066)	-	-	-	-	(3,066)
Gain on sale of discontinued operations	-	-	-	-	-	20,291	(81)	20,210	20,210
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(1,491)	-	-	(1,491)	(1,491)
Loss on disposal of assets	(653)	(5)	(66)	(724)	(64)	-	-	(64)	(788)
	<b>(4,351)</b>	<b>(1,931)</b>	<b>(1,400)</b>	<b>(7,682)</b>	<b>(2,123)</b>	<b>20,291</b>	<b>(81)</b>	<b>18,087</b>	<b>10,405</b>
The income tax benefit above includes the following specific item:									
Tax impact of specific items listed above	1,218	579	420	2,217	636	89	-	725	2,942
Restatement of deferred tax balances to reflect US tax reforms	14,931	-	-	14,931	-	-	-	-	14,931
	<b>16,149</b>	<b>579</b>	<b>420</b>	<b>17,148</b>	<b>636</b>	<b>89</b>	<b>-</b>	<b>725</b>	<b>17,873</b>

## Notes to the Financial Statements

### for the half year ended 26 December 2017

#### 16. Segment information (continued)

Business segment

ALL Group - 1<sup>st</sup> July 2016 to 31<sup>st</sup> December 2016

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Continuing Operations \$'000	Bowling & Entertainment \$'000	Marinas \$'000	Health Clubs \$'000	Discontinued Operations \$'000	Total \$'000
<b>Segment revenue</b>	<b>136,765</b>	<b>41,775</b>	<b>1</b>	<b>178,541</b>	<b>64,346</b>	<b>11,608</b>	<b>62,677</b>	<b>138,631</b>	<b>317,172</b>
<b>Segment EBITDA</b>	<b>17,814</b>	<b>(3,582)</b>	<b>(7,336)</b>	<b>6,896</b>	<b>2,750</b>	<b>(337)</b>	<b>25,223</b>	<b>27,636</b>	<b>34,532</b>
Depreciation and amortisation	(11,092)	(881)	(603)	(12,576)	(1,980)	-	(3,726)	(5,706)	(18,282)
<b>Segment EBIT</b>	<b>6,722</b>	<b>(4,463)</b>	<b>(7,939)</b>	<b>(5,680)</b>	<b>770</b>	<b>(337)</b>	<b>21,497</b>	<b>21,930</b>	<b>16,250</b>
Borrowing costs				(4,640)				(748)	(5,388)
Interest income				52				-	52
<b>Net (loss)/profit before tax</b>				<b>(10,268)</b>				<b>21,182</b>	<b>10,914</b>
Income tax benefit				2,845				(2,623)	222
<b>Net (loss)/profit after tax</b>				<b>(7,423)</b>				<b>18,559</b>	<b>11,136</b>
The segment EBITDA above includes the following specific items:									
Impairment of goodwill	-	(783)	-	(783)	-	-	-	-	(783)
Impairment of property, plant and equipment	-	-	-	-	-	-	117	117	117
Pre-opening expenses	(6,107)	-	-	(6,107)	(758)	-	-	(758)	(6,865)
Dreamworld incident costs	-	(3,550)	-	(3,550)	-	-	-	-	(3,550)
Gain on sale of discontinued operations	-	-	-	-	-	-	18,383	18,383	18,383
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	(810)	-	(810)	(810)
Loss on disposal of assets	(319)	(15)	-	(334)	-	-	-	-	(334)
	<b>(6,426)</b>	<b>(4,348)</b>	<b>-</b>	<b>(10,774)</b>	<b>(758)</b>	<b>(810)</b>	<b>18,500</b>	<b>16,932</b>	<b>6,158</b>
Tax impact of specific items listed above	2,185	1,070	-	3,255	264	-	55	319	3,574

# Notes to the Financial Statements

## for the half year ended 26 December 2017

### 17. Fair value measurement of financial instruments

#### (a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Group's financial assets and financial liabilities measured and recognised at fair value at 26 December 2017 and 30 June 2017 on a recurring basis:

Consolidated Group December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets measured at fair value:</b>				
Investments held at fair value	-	-	3,201	3,201
Derivative financial assets	-	540	-	540
<b>Liabilities measured at fair value:</b>				
Derivative financial liabilities	-	723	-	723
<b>June 2017</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets measured at fair value:</b>				
Investments held at fair value	-	-	3,201	3,201
Derivative financial instruments	-	272	-	272
<b>Liabilities measured at fair value:</b>				
Derivative financial liabilities	-	1,321	-	1,321

## Notes to the Financial Statements for the half year ended 26 December 2017

### 17. Fair value measurement of financial instruments (continued)

#### (a) Fair value hierarchy (continued)

The following table presents the ALL Group's financial assets and financial liabilities measured and recognised at fair value at 26 December 2017 and 30 June 2017 on a recurring basis:

ALL Group December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets measured at fair value:</b>				
Investments held at fair value	-	-	3,201	3,201
Derivative financial assets	-	540	-	540
<b>Liabilities measured at fair value:</b>				
Derivative financial liabilities	-	-	-	-
<b>June 2017</b>				
<b>Assets measured at fair value:</b>				
Investments held at fair value	-	-	3,201	3,201
Derivative financial assets	-	196	-	196
<b>Liabilities measured at fair value:</b>				
Derivative financial liabilities	-	29	-	29

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 26 December 2017.

#### (b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

All of the resulting fair value estimates are included in level 2, except for an investment in an unlisted entity which is included in level 3.

#### (c) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the half year ended 26 December 2017:

	Investment in unlisted entity \$'000
Opening balance	3,201
Acquisitions	-
<b>Closing balance</b>	<b>3,201</b>

## Notes to the Financial Statements for the half year ended 26 December 2017

### 17. Fair value measurement of financial instruments (continued)

#### (d) Fair values of other financial instruments

The Consolidated Group and the ALL Group also have a number of financial instruments which are not measured at fair value in the Balance Sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to the current market rates or the instruments are short term in nature. Significant differences were identified for the following instruments at 26 December 2017:

	Carrying amount December 2017 \$'000	Fair value December 2017 \$'000	Discount rate December 2017 % per annum	Carrying amount June 2017 \$'000	Fair value June 2017 \$'000	Discount rate June 2017 % per annum
<b>Consolidated Group</b>						
Interest bearing liabilities	162,873	163,024	4.96	233,259	225,252	4.80
<b>ALL Group</b>						
Interest bearing liabilities	255,443	255,191	4.96	219,134	213,293	4.80

In determining the fair value of the interest bearing liabilities, the principal payable of \$162.9 million was discounted at a rate of 4.96% per annum to best reflect the price that market participants would use when transferring the non-current borrowings, assuming that market participants act in their economic best interest. They were classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

### 18. Contingent liabilities

On 25 October 2016, an incident occurred on the Thunder River Rapids ride at Dreamworld resulting in four fatalities at the Theme Park. The incident was investigated throughout 2017 by the Queensland Police Service (QPS) and Workplace Health and Safety Queensland (WHSQ) and all interested parties are now awaiting a coronial inquest expected to be heard sometime in calendar 2018.

Ardent Leisure Limited expects to be subjected to prosecution action by WHSQ, however formal proceedings have not been instigated against the Company as at the date of release of these accounts. A number of civil claims by families and other affected persons have been made against the Company and are being dealt with by the company's liability insurer.

Until such time as proceedings are commenced, it is too premature to provide any meaningful or reliable estimate of the quantum of potential pecuniary penalties or damages to civil claimants. Ardent Leisure Limited maintains appropriate insurances to respond to all such litigation and regulatory action and associated costs.

Unless otherwise disclosed in the financial statements, Ardent Leisure Trust and Ardent Leisure Limited have no other material contingent liabilities.

### 19. Related party disclosures

There were no new material related party transactions in the half year to 26 December 2017. The annual financial report for the year ended 30 June 2017 provides further details on the nature of previous related party transactions.

### 20. Events occurring after reporting date

Subsequent to half year end, a Trust distribution of 2.00 cents per stapled security was declared by the Board of Directors. The total distribution amount of \$9.4 million will be paid on or before 28 February 2018 in respect of the period ended 26 December 2017.

Since the end of the financial period, the Directors of the Manager and ALL are not aware of any other matter or circumstance not otherwise dealt with in the financial report or the Directors' report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 26 December 2017.

## Independent auditor's review report to stapled security holders

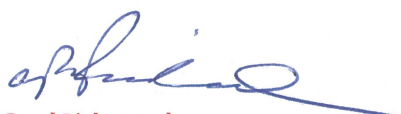
In the opinion of the Directors of Ardent Leisure Management Limited and Ardent Leisure Limited:

- (a) The interim financial statements and notes of Ardent Leisure Trust and its controlled entities, including Ardent Leisure Limited and its controlled entities (Ardent Leisure Group), and Ardent Leisure Limited and its controlled entities (ALL Group) set out on pages 7 to 39 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Ardent Leisure Group's and ALL Group's financial position as at 26 December 2017 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the financial period ended on that date; and
- (b) There are reasonable grounds to believe that both the Ardent Leisure Group and ALL Group will be able to pay their debts as and when they become due and payable.

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



**Gary Weiss**  
Chairman



**Brad Richmond**  
Director

Sydney  
26 February 2018

# Independent Auditor's Review Report to the stapled security holders of Ardent Leisure Trust and Ardent Leisure Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Ardent Leisure Group (the Group), which comprises Ardent Leisure Trust (the Trust) and its controlled entities, and Ardent Leisure Limited Group (the ALL Group), which comprises Ardent Leisure Limited (the Company or ALL) and its controlled entities, which comprises the balance sheets as at 26 December 2017, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 26 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' Responsibility for the Half-Year Financial Report

The directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

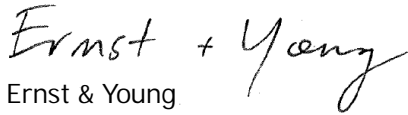
### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 26 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



John Robinson  
Partner  
Sydney  
26 February 2018