APPENDIX 4E

Preliminary Final Report
for the year ended 26June 2018

Name of Entity: Ardent Leisure Group

Details of reporting periods

Current	26 June 2018
Previous corresponding	30 June 2017

Results for announcement to the market

				$A'000
Revenues from ordinary activities of continuing operations	Increased	14.0%	to	422,393
Loss from ordinary activities after tax attributable to members	Increased from a loss of	(62,557)	to a loss of	(90,690)
Net loss for the period attributable to members	Increased from a loss of	(62,557)	to a loss of	(90,690)

Distributions	Amount per stapled security	Tax deferred amount per stapled security
Current Period:		
Final distribution	6.50¢	
Interim distribution	2.00¢	
Total	8.50¢	-
Previous Corresponding Period:		
Final distribution	1.00¢	
Interim distribution	2.00¢	
Total	3.00¢	-
Record date for determining entitlements to the distribution	26 June 2018	

Provide a brief explanation for 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, A**rdent's businesses have operated on a "5**-4-**4" quarter with each week** ending on Tuesday.

FY18 is a transitional period with the financial period for the full year of FY18 being 1 July 2017 to 26 June 2018 i.e. 361 days, compared with 365 days (1 23July 2016 to 30 June 2017) for the prior corresponding period.

The Group reported a net loss after tax of $90.7 million (FY17 - loss of $62.6 million). The loss was impacted by a number of specific items including devaluation losses and impairment relating to Dreamworld and Skypoint of $79.6 million and property, plant and equipment write-downs at underperforming US Entertainment Centres of $38.3 million. These devaluation losses and asset write-downs were partially offset by a $25.00 million gain on disposal of the Marinas and Bowling and Entertainment businesses.

Further details are contained in the attached audited financial statements.

Details of Distributions

The total distribution of income for the year ended 26 June 2018 is 8.50 cents (30 June 2017: 3.00 cents) per stapled security. The increase in distribution compared to the prior year is due to the distribution associated with the sale of the **d'Albora Marina**s business and the Bowling and Entertainment business. An interim distribution of 2.00 cents (31 December 2016: 2.00 cents) per stapled security was paid in February 2018. This comprised a distribution paid by the Trust of 2.00 cents (31 December 2016: 2.00 cents) and no dividend paid by the Company (31 December 2016: nil) per stapled security. A final distribution for the year ended 26 June 2018 of 6.50 cents (2017: 1.00 cent) per stapled security will be paid by the Trust in August 2018. A provision has not been recognised in the financial statements at 26 June 2018 as this distribution had not been declared at the reporting date.

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 first half of the year.

The DRP was in operation for the interim distribution for the half year ended 26 December 2017 which was paid during the second half of the year.

The DRP is in operation for the final distribution for the half year ended 26 June 2018 which will be paid in August 2018.

When in operation, the DRP price per stapled security includes a discount of 2% to the volume weighted average market price of stapled securities traded on the ASX during the 10 business days from and including the ex-distribution date.

Statement of Retained Profits

Refer to the attached Annual Financial Report (Note 24: (Accumulated losses)/retained profits).

Net Tangible Assets

	Current period	Previous corresponding period
Net tangible asset backing per stapled security *	79¢	93¢
Net tangible asset backing per stapled security after distribution**	73¢	92¢

* 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).

** The net tangible asset backing per stapled security would have been 73¢ (2017: $0.92) for the Group if the distribution for the six months ended 26 June 2018 had been recognised in the financial statements.

Control gained or lost over entities during the period

Name of entity (or group of entities) over which control was gained	Main Event Maryland, LLC
Date control was gained	25 January 2018
Consolidated profit (loss) from ordinary activities and extraordinary items before 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	*Bowling and Entertainment business disposal* - Bowling Centres Australia Pty Ltd - BowlAustralia Holdings Pty Ltd - Ardent Leisure Operations (NZ) Pty Limited
Date control was lost	30 April 2018

Consolidated (loss)/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	($1.5) million loss
Consolidated (loss)/profit 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	$(0.2) million loss

Details of Associates and Joint Venture entities

N/A

Other significant information

N/A

Accounting standards used by foreign entities

IFRS

Commentary on results

	Current period	Previous corresponding period
(Losses)/earnings per stapled security	(19.32¢)	(13.37¢)

Earnings per stapled security have decreased by 5.95 cents (44.5%), being a loss per stapled security of (19.32) cents in the current year compared to loss per stapled security in the prior year of (13.37) cents.

Commentary on results (continued)

	Current period	Previous corresponding period
	A$'000	**A$'000**
Returns to stapled security holders: Distributions	$40,034	$14,073

Cash distributions per stapled security for the year ended 26 June 2018 were 8.50 cents per stapled security (2017: 3.00 cents).

The final distribution of $30.6 million was not declared prior to 26 June 2018 (2017: $4.7 million).

Significant features of operating performance:

Refer explanation of results above.

Segment results:
Refer to the attached Annual Financial Report (Note 2: Segment Information).

Performance Trends:
Refer to Significant Features of Operating Performance above.

Other factors:
Refer to Other Significant Information above.

Audit

This report is based on accounts to which one of the following applies:

☑	The accounts have been audited. (refer attached financial statements)	☐	The accounts have been subject to review. (refer attached financial statements)
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

Accounts not yet audited or reviewed

N/A

Audit Qualification

N/A

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Annual Financial Report

for the year ended 26 June 2018

The 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 21 August 2018. The Directors have the power to amend and reissue the financial report.

Message from the Chairman

Dear Security Holders

I am pleased to present my first Annual Report as Chairman of Ardent Leisure Group.

While FY18 has been another challenging year for Ardent, it has been a year of change and reset across the Group.

Prior to joining the Board, I outlined my plan to restore value at Ardent. For Dreamworld, it was to reinvest in the park to increase attendance by introducing new rides and attractions and retail offerings, improve food and beverage outlets and deliver outstanding guest service. For our US operations, Main Event Entertainment, it was to deliver value through operational enhancements, improved guest offerings and expansion of the business through a disciplined and structured roll out of new centres.

I am pleased to report that we are making progress. With a strengthened balance sheet, a refreshed Board and senior management changes, we are committed to restoring value for security holders.

Safety

In June this year, the Coronial Inquest into the tragic incident at Dreamworld in October 2016 commenced.

On behalf of the Board and our team, I again say how sorry we are to the families and all those so deeply impacted by this tragedy.

Ardent continues to implement safety initiatives across its theme park operations, with ongoing support from external specialists and a restructured executive team, and reiterates its public undertaking to implement all Coronial Inquest recommendations.

There is no greater priority for Ardent than striving for the highest level of global best practice safety standards throughout our entire operations. Ardent is absolutely committed to the safety and welfare of our guests and employees.

As a measure of my personal commitment to this goal, I will assume the role of Chair of the Safety, Sustainability & Environment Committee.

Further, to assist the Committee in ensuring global best practice in safety throughout our group, we have appointed Geoff Sartori as an external independent Safety Advisor. Mr Sartori is a highly experienced executive who has extensive expertise in all aspects of infrastructure, safety and operations. He was formerly Group General Manager – Group Safety and Principal Safety Advisor to the Qantas Group and is currently Safety Advisor to the Board of Virgin Australia Group.

Business operations

As Australia's largest theme park, Dreamworld is a critical component of the Gold Coast and wider Queensland economy. While Dreamworld's recovery is taking longer than expected, Ardent firmly believes in its future and is committed to significant investment back into the park to restore its status as one of Australia's premier entertainment destinations.

In February, we announced our intention to bring the iRide 'Flying Theatre' attraction to Dreamworld. This world-class leading technology ride is currently under construction and scheduled to open in late December, just in time for the school holidays. Guests will be able to experience a virtual flyover of some of Australia's greatest and most scenic landmarks including Sydney Harbour, Barossa Valley and Tully River.

The iRide will be the first of a number of new leading rides and attractions which we will be bringing to Dreamworld over the next few years as we ramp up our investment across all areas of the park.

With Main Event Entertainment now being the dominant contributor to the overall performance of the Group, the appointment of Chris Morris is an essential element to achieving our strategic objective of improved performance and growth for this business, in what is a competitive operating environment. Chris brings over 20 years' experience in multisite businesses, including six years in the US family entertainment industry.

Pleasingly, FY18 saw a return to positive like-for-like constant centre sales growth, after nearly two years of negative performance.

Initiatives introduced to improve the guest experience in our centres included new technology for ordering and paying for food and beverages, refreshed menu offerings such as shareables and healthy options, an improved CRM system to help us better understand and stay connected with our guests and the remodelling of a number of existing centres.

During FY18, Main Event opened four new centres – Knoxville, Wilmington, Columbia and Avon. These centres are trading well and in line with the historical performance of Main Event new openings (excluding the Latitude and Orlando centres impaired in the FY18 results).

For Main Event, FY19 will be a year of consolidation as we prepare for growth in FY20 and beyond.

Message from the Chairman

Business operations (continued)

During FY18, Ardent finalised the sale of d'Albora Marinas and the Bowling & Entertainment division. Both businesses were sold for a significant gain over book value and this has enabled Ardent to reduce its net debt to $11 million, an improvement on $222 million in the prior year. The Group now has a strengthened balance sheet that enables us, with confidence, to invest for the future.

As a result of these divestments, a final distribution of 6.5 cents per stapled security was declared, bringing the total distribution for security holders to 8.5 cents per stapled security across the year.

As previously reported to security holders, the Board is continuing to explore options regarding the structure of the Group to ensure it is appropriate to meet the needs of our business going forward.

Financial reporting improvements

In February this year, security holders were presented with simplified financial reports with the abandonment of previously used reporting metrics such as "core earnings", "segment EBITDA" and "segment EBIT" which have been adjusted for "non-core" items. The objective of this changed reporting is to more closely align the Group's performance with statutory accounting and the operating cash flows of our businesses. Furthermore, the Group has also adopted retail calendar reporting to enable improved comparability and consistency of reporting periods.

Board changes

Board succession planning and renewal is an ongoing process at Ardent. The Board continues to review its composition, skills and experience. Two directors retired during the year – Melanie Willis and George Venardos - and a third director, Roger Davis, retired from the Board earlier this month. In addition to my appointment, three new directors have joined the Board – Randy Garfield, Brad Richmond and Toni Korsanos. Each of these directors brings relevant experience, expertise and insight into Ardent and I look forward to working with them in FY19.

The focus of management and the Board continues to be on restoring value to security holders over the medium term. With a strengthened balance sheet, a security holder and guest focused culture and a very capable team throughout our Group, the Board is confident that Ardent will deliver on its strategic objectives.

On behalf of the Board, I would like to take this opportunity to thank our security holders, guests and suppliers for their continued support throughout the year.

I would also like to acknowledge and thank all members of our team for their dedication and hard work over the last 12 months and look forward to their continuing contribution to the long-term success of Ardent.

The Group's 2018 Annual General Meeting will be held on 20 November 2018 at The Mint, Macquarie Street, Sydney and I look forward to seeing security holders at the meeting.

Dr Gary Weiss

Chairman

Annual 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 financial report of Ardent Leisure Group (Group or Consolidated Group) and the consolidated financial report of Ardent Leisure Limited Group (ALL Group) for the year ended 26 June 2018 (FY18).

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 have operated on a "5-4-4 week" quarter with each week ending on Tuesday.

FY18 is a transitional period with the financial period being 1 July 2017 to 26 June 2018 i.e. 361 days. Pro-forma results for the period from 1 July 2017 to 30 June 2018 have been provided in the Directors' Report to enable comparison with the prior corresponding period.

The financial report of the Group comprises of Ardent Leisure Trust (Trust) and its controlled entities including Ardent Leisure Limited (ALL or Company) and its controlled entities. The financial report of the ALL Group comprises of 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);
David Haslingden;
Don Morris AO;
Randy Garfield (appointed 14 August 2017);
Brad Richmond (appointed 3 September 2017);
Toni Korsanos (appointed 1 July 2018);
George Venardos (retired as Chair and Director 29 September 2017);
Roger Davis (resigned 17 August 2018);
Melanie Willis (resigned 8 September 2017);
Simon Kelly (resigned 8 November 2017); and
Deborah Thomas (resigned 1 July 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.

Other than the completion of the sale of the d'Albora Marinas business in August 2017 and the completion of the sale of the Bowling and Entertainment business in April 2018, there were no further significant changes in the nature of the activities of the Group.

3. Distributions

The total distribution of income for the year ended 26 June 2018 will be 8.50 cents (30 June 2017: 3.00 cents) per stapled security. The increase in distribution compared to the prior year is due to the distributions associated with the sales of the d'Albora Marinas business and the Bowling and Entertainment business. An interim distribution of 2.00 cents (31 December 2016: 2.00 cents) per stapled security was paid in February 2018. This comprised a distribution paid by the Trust of 2.00 cents (31 December 2016: 2.00 cents) and no dividend paid by the Company (31 December 2016: nil) per stapled security. A final distribution for the year ended 26 June 2018 of 6.50 cents (2017: 1.00 cent) per stapled security will be paid by the Trust in August 2018. A provision has not been recognised in the financial statements at 26 June 2018 as this distribution had not been declared at the reporting date.

4. Operating and financial review

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, Theme Parks, Bowling and Entertainment (until 30 April 2018) and the Marinas business (until 14 August 2017).

4. Operating and financial review (continued)

Overview (continued)

The results for the Bowling and Entertainment business for the period up until the effective sale date of 30 April 2018 have been included within discontinued operations in the Income Statements. The sale resulted in a post-tax gain in the year of $20.3 million, net of selling costs, which has also been included within discontinued operations in the Income Statements.

Similarly, the results for the Marinas business for the period up until the effective sale date of 14 August 2017 have been included within discontinued operations in the Income Statements. The sale resulted in a post-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.

Following the sale of the Bowling and Entertainment and Marinas businesses, the continuing businesses are:

- US Entertainment Centres, trading as "Main Event"; and
- Australian Theme Parks, including Dreamworld and SkyPoint.

Group results

The performance of the Consolidated Group, as represented by the aggregated results of its operations for the year, was as follows:

1 July 2017 to 26 June 2018	Main Event	Theme Parks	Corporate	Continuing operations	Discontinued operations	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	355,571	66,822	-	422,393	125,061	547,454
Segment EBITDA	14,159	(93,795)	(15,519)	(95,155)	41,195	(53,960)
Depreciation and amortisation	(33,210)	(8,679)	(1,144)	(43,033)	(12,875)	(55,908)
Segment EBIT	(19,051)	(102,474)	(16,663)	(138,188)	28,320	(109,868)
Borrowing costs				(10,339)	(65)	(10,404)
Interest income				191	-	191
Net (loss)/profit before tax				(148,336)	28,255	(120,081)
Income tax benefit/(expense)				29,522	(131)	29,391
Net (loss)/profit after tax				(118,814)	28,124	(90,690)
The segment EBITDA above includes the following specific items:						
Valuation loss - property, plant and equipment and investments held at fair value	-	(75,031)	(390)	(75,421)	-	(75,421)
Impairment of intangible assets including goodwill	-	(3,583)	(1,188)	(4,771)	-	(4,771)
Impairment of property, plant and equipment	(38,287)	(1,000)	-	(39,287)	-	(39,287)
Pre-opening expenses	(5,900)	-	-	(5,900)	(571)	(6,471)
Dreamworld incident costs, net of insurance recoveries	-	(6,158)	-	(6,158)	-	(6,158)
Restructuring and other non-recurring items	(7,405)	-	(1,849)	(9,254)	-	(9,254)
Gain on sale of discontinued operations	-	-	-	-	24,987	24,987
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(133)	(133)
Loss on disposal of assets and sale and leaseback of Main Event Centre	(654)	(493)	(66)	(1,213)	(921)	(2,134)
	(52,246)	(86,265)	(3,493)	(142,004)	23,362	(118,642)
The income tax benefit/(expense) above includes the following specific items:						
Restatement of deferred tax balances to reflect US tax reforms	12,230	-	-	12,230	-	12,230
Tax impact of specific items listed above	14,629	1,865	1,048	17,542	499	18,041
	26,859	1,865	1,048	29,772	499	30,271

4. Operating and financial review (continued)

Group results (continued)

The reporting period for FY18 is from 1 July 2017 to 26 June 2018 i.e. 361 days, compared with 365 days (1 July 2016 to 30 June 2017) for the corresponding period. To enable a meaningful comparison of the performance compared to the prior period, pro-forma figures for the period 1 July 2017 to 30 June 2018 are set out below:

1 July 2017 to 30 June 2018	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Segment revenue	360,152	69,913	-	430,065	125,061	555,126
Segment EBITDA	15,108	(91,112)	(15,592)	(91,596)	41,195	(50,401)
Depreciation and amortisation	(33,641)	(8,744)	(1,160)	(43,545)	(12,875)	(56,420)
Segment EBIT	(18,533)	(99,856)	(16,752)	(135,141)	28,320	(106,821)
Borrowing costs				(10,360)	(65)	(10,425)
Interest income				191	-	191
Net (loss)/profit before tax				(145,310)	28,255	(117,055)
Income tax benefit/(expense)				28,607	(131)	28,476
Net (loss)/profit after tax				(116,703)	28,124	(88,579)
The segment EBITDA above includes the following specific items:						
Valuation loss - property, plant and equipment and investments held at fair value	-	(75,031)	(390)	(75,421)	-	(75,421)
Impairment of intangible assets including goodwill	-	(3,583)	(1,188)	(4,771)	-	(4,771)
Impairment of property, plant and equipment	(38,287)	(1,000)	-	(39,287)	-	(39,287)
Pre-opening expenses	(5,900)	-	-	(5,900)	(571)	(6,471)
Dreamworld incident costs, net of insurance recoveries	-	(6,158)	-	(6,158)	-	(6,158)
Restructuring and other non-recurring items	(7,405)	-	(1,849)	(9,254)	-	(9,254)
Gain on sale of discontinued operations	-	-	-	-	24,987	24,987
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(133)	(133)
Loss on disposal of assets and sale and leaseback of Main Event Centre	(654)	(493)	(66)	(1,213)	(921)	(2,134)
	(52,246)	(86,265)	(3,493)	(142,004)	23,362	(118,642)
The income tax benefit/(expense) above includes the following specific items:						
Restatement of deferred tax balances to reflect US tax reforms	12,230	-	-	12,230	-	12,230
Tax impact of specific items listed above	14,629	1,865	1,048	17,542	499	18,041
	26,859	1,865	1,048	29,772	499	30,271

4. Operating and financial review (continued)

Group results (continued)

The performance of the Consolidated Group, as represented by the aggregated results of its operations for the period from 1 July 2016 to 30 June 2017 (365 days), was as follows:

1 July 2016 to 30 June 2017	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Segment revenue	299,450	70,934	-	370,384	214,472	584,856
Segment EBITDA	45,812	(98,432)	(19,175)	(71,795)	72,969	1,174
Depreciation and amortisation	(24,559)	(8,915)	(1,230)	(34,704)	(20,254)	(54,958)
Segment EBIT	21,253	(107,347)	(20,405)	(106,499)	52,715	(53,784)
Borrowing costs				(12,049)	(142)	(12,191)
Interest income				86	-	86
Net (loss)/profit before tax				(118,462)	52,573	(65,889)
Income tax benefit/(expense)				5,280	(1,948)	3,332
Net (loss)/profit after tax				(113,182)	50,625	(62,557)
The segment EBITDA above includes the following specific items:						
Valuation loss - property, plant and equipment	-	(88,747)	-	(88,747)	-	(88,747)
Impairment of intangible assets including goodwill	-	(783)	-	(783)	-	(783)
Impairment of property, plant and equipment	-	-	-	-	(145)	(145)
Pre-opening expenses	(12,646)	-	-	(12,646)	(1,242)	(13,888)
Dreamworld incident costs, net of insurance recoveries	-	(5,389)	-	(5,389)	-	(5,389)
Restructuring and other non-recurring items	(1,400)	-	(2,739)	(4,139)	-	(4,139)
Gain on sale of discontinued operations	-	-	-	-	45,009	45,009
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	(796)	(796)
Loss on disposal of assets	(362)	(105)	17	(450)	(3,348)	(3,798)
	(14,408)	(95,024)	(2,722)	(112,154)	39,478	(72,676)
The income tax benefit/(expense) above includes the following specific items:						
Tax impact of specific items listed above	4,899	1,542	731	7,172	360	7,532

4. Operating and financial review (continued)

Group results (continued)

The Group reported a loss of $88.6 million on a pro-forma basis up to 30 June 2018, an increase in losses of $26.0 million compared to a net loss of $62.6 million in the prior year.

The current year was impacted by several events including the sale of two businesses, non-cash valuation losses on the Dreamworld and SkyPoint properties, impairment of property, plant and equipment at five US Entertainment Centres, non-recurring restructuring costs as well as the continued challenging post-incident trading conditions for the Theme Parks division.

Total pro-forma revenue declined by $29.7 million compared to the prior year due to reduced revenue of $89.4 million for the discontinued businesses, partly offset by an increase in pro-forma revenue for continuing businesses of $59.7 million. Despite the improved pro-forma revenue from continuing businesses, pro-forma EBITDA for continuing businesses declined by $19.8 million, with EBITDA for discontinued operations also declining by $31.8 million, resulting in a total pro-forma EBITDA being $51.6 million lower than the prior year.

Significant factors impacting the result for continuing businesses are as follows:

- Impairments of property, plant and equipment at five US Entertainment Centres of $38.3 million (prior year: nil);
- An increase in restructuring and other non-recurring items in both Main Event and Corporate, which amounted to $9.3 million (2017: $4.1 million). The Group was impacted by several one-off expenses as a result of restructuring activity in the current year, including consulting costs, legal costs, executive severance payments, as well as write-off of site exploration costs incurred;
- An increase in costs relating to the Thunder River Rapids ride incident at Dreamworld, net of insurance recoveries, which amounted to $6.2 million (2017: $5.4 million); and
- Impairment of intangible assets in Corporate of $1.2 million (2017: nil);

Partly offset by:

- Valuation loss and impairments of $79.6 million relating to Dreamworld and SkyPoint compared to the prior year valuation loss of $89.5 million relating to Dreamworld and WhiteWater World;
- Lower pre-opening costs of $6.5 million (2017: $13.9 million) due mainly to fewer US Entertainment Centre openings in the current year;
- Four new US Entertainment Centre openings during FY18 contributing additional revenue of US$14.8 million and EBRITDA of US$7.0 million in the year;
- Incremental revenue and EBRITDA due to full year contributions from ten new centres that opened during FY17;
- Income tax benefit including a $12.2 million benefit relating to restatement of Main Event's deferred tax balances in response to US Tax Reforms that have lowered the US corporate income tax rate (2017: nil); and
- Borrowing costs decreased by approximately $1.8 million to $10.4 million (2017: $12.4 million) due to repayment of debt from the sales proceeds and reduction in debt facilities.

The results of the discontinued operations in the year include trading EBITDA for the periods to the date of disposal of the Bowling and Entertainment business, being 30 April 2018, and the Marinas business, being 14 August 2017. The discontinued operations result also includes a gain on the disposal of the Bowling and Entertainment business after tax of $20.3 million, and a gain on the disposal of the Marinas business after tax of $4.7 million (refer to Notes 27(e) and 27(f)).

In the prior year, the discontinued operations result included a full year trading EBITDA for both the Bowling and Entertainment business and the Marinas business, as well as trading EBITDA for the Health Clubs business up until the date of disposal, being 25 October 2016. The prior year discontinued operations result also included a gain on the disposal of the Health Clubs business after tax of $44.8 million.

4. Operating and financial review (continued)

US Entertainment Centres

The pro-forma performance of the US Entertainment Centres, in US dollars, is summarised as follows:

	2018 US$'000	2017 US$'000	Change %
Total revenue	278,854	225,704	23.5
EBRITDA	49,845	64,179	(22.3)
Property costs	(37,251)	(29,623)	25.8
EBITDA	12,594	34,556	(63.6)

	Revenue 2018 US$'000	Revenue 2017 US$'000	Change %	EBRITDA 2018 US$'000	EBRITDA 2017 US$'000	Change %
Constant centres	154,710	151,722	2.0	71,355	69,364	2.9
Non-constant centres	109,315	73,982	47.8	47,884	31,788	50.6
New centres opened in FY18	14,829	-		7,039	-	
Corporate and regional office expenses/sales and marketing	-	-		(37,422)	(27,252)	37.3
Other specific items	-	-		(39,011)	(9,721)	301.3
Total	278,854	225,704	23.5	49,845	64,179	(22.3)

During the year, total US dollar revenue grew by 23.5%, driven by 2.0% growth in constant centres, full year impact of centres opened in FY17 as well as the contribution from new centres opened in FY18.

Constant centres revenue on a like-for-like basis increased 1.6% versus the prior corresponding period, driven by pricing optimisation associated with walk-in business, partially offset by a decline in event business primarily associated with birthday call centre changes, which have subsequently been addressed.

Four new centres were opened during the year, with three of the four centres commencing operations during the last four months of FY18. This brings the number of centres to 41 across 16 states as of June 2018 (2017: 37 centres across 14 states).

EBITDA was impacted by a non-cash impairment charge of US$28.4 million associated with five underperforming locations. The performance of these locations reflect difficult trading conditions as a result of real estate quality and ongoing brand challenges associated with the former business that operated some of the locations. Furthermore, EBITDA was impacted by US$5.6 million of restructuring and other non-recurring items, including one-time consulting costs, executive severance payments, and write-off of site exploration costs incurred due to a change in real estate strategy. In addition, the division also recorded a US$0.6 million loss on sale and leaseback of a Main Event family entertainment centre.

Margins were also unfavourably impacted by the underlying trading conditions at certain centres from the FY17 cohort. While the performance of the FY17 cohort has improved year-over-year, it is a larger portion of the overall business in FY18 and thus causing more pressure to overall margins. Additionally, the division received US$3.8 million of business interruption proceeds in FY18, reflecting the recovery of estimated losses incurred during FY18 due to Hurricane Harvey in the Houston, TX market.

4. Operating and financial review (continued)

Australian Theme Parks

The division continued to be adversely impacted by the Thunder River Rapids ride tragedy incident in October 2016. The performance of the Australian Theme Parks is summarised as follows:

	2018 $'000	2017 $'000	Change %
Total revenue	69,913	70,934	(1.4)
EBRITDA	(89,599)	(97,405)	(8.0)
Property costs	(1,513)	(1,027)	47.3
EBITDA	(91,112)	(98,432)	(7.4)
Attendance	1,657,969	1,662,992	(0.3)
Per capita spend ($)	42.17	42.65	(1.1)

Revenue declined by $1.0 million, or 1.4% to $69.9 million. The division recorded an EBITDA loss of $91.1 million, an improvement of $7.3 million compared to the EBITDA loss of $98.4 million in the prior year. The improvement in EBITDA was largely driven by the valuation loss and impairments of $79.6 million relating to Dreamworld and SkyPoint being lower than the prior year valuation loss of $89.5 million relating to Dreamworld. This was partially offset by higher Dreamworld incident related expenses, which amounted to $6.2 million in the current year compared to $5.4 million in the prior year.

Excluding these valuation loss, impairment and Dreamworld incident related expenses, EBITDA for the division was approximately $1.0 million lower than prior year. The Theme Parks were impacted by the continued slow recovery post the Thunder River Rapids ride tragedy which occurred in October 2016, discounted ticket pricing post incident, as well as the relatively fixed cost nature of the business.

Australian Bowling and Entertainment Centres

The performance of the Australian Bowling and Entertainment Centres is summarised as follows:

	2018 $'000	2017 $'000	Change %
Total revenue	122,408	127,664	(4.1)
EBRITDA	61,479	38,204	60.9
Property costs	(25,326)	(27,474)	(7.8)
EBITDA	36,153	10,730	236.9

Completion of the sale of this business occurred effective 30 April 2018.

Prior to the sale completion, the division achieved growth compared to the prior corresponding period, driven by a combination of constant centre growth, new venue openings and year-on-year growth in renovated venues. Two new venues were opened during the period, Kingpin Chermside and Playtime Eastland. The EBRITDA in the FY18 period included a gain on disposal of the business of $20.3 million.

Marinas

The performance of Marinas is summarised as follows:

	2018 $'000	2017 $'000	Change %
Total revenue	2,653	24,131	(89.0)
EBRITDA	5,763	11,883	(51.5)
Property costs	(588)	(2,904)	(79.8)
EBITDA	5,175	8,979	(42.4)

Completion of the sale occurred effective 14 August 2017. The EBRITDA during the FY18 period included a gain on disposal of the business of $4.7 million.

4. Operating and financial review (continued)

Strategic focus

Following the sale of the Marinas business and the Bowling and Entertainment business, the common theme across the Group's assets is the provision of leisure and entertainment experiences. However, each business has its own unique strategic position and objectives, and are at different stages of evolution with discrete opportunities for growth and unlocking value.

(i) US Entertainment Centres

The US Entertainment Centres' strategic goal is to become a leading customer experience-driven leisure and entertainment brand in the US. This business has expanded its number of centres rapidly over the last few years and management is focused on ensuring there is the appropriate balance between operational performance and growth, as well as ensuring there is a disciplined real estate selection process.

The availability of quality sites in trade areas that the business wants to expand into, along with the long development process to construct a Main Event family entertainment centre, may cause variations in the number of centres opened in a given year. Management will continue to look at strategic growth opportunities in existing markets as well as new trade areas. Furthermore, the business will explore ground-up developments as well as second-generation retail opportunities, including mall locations.

(ii) Australian Theme Parks

The key focus is on driving attendance back to historic levels through a combination of "smart" capital investment, an event pipeline, developing new and unique attractions and food, retail and events products all of which provide opportunities to promote and target revisitation. Investments will be targeted to drive visitation and will be economically responsible. This includes plans to install major new attractions at Dreamworld and SkyPoint in FY19 to increase visitations to the Theme Parks and drive average spending.

The wellbeing of Dreamworld's staff has also remained a key focus of management, with a number of wellness and support programs in place to assist individual team members with resilience and coping with challenging environments.

As communicated in June 2018, the Group is committed to implementing all key recommendations arising from the Coronial Inquiry.

The excess land that sits around the Dreamworld site is potentially of value. The park occupies just over 50% of the land that is owned and a process of determining the best use of this land is in progress. This may include a build out of tourist related adjacencies around the park itself. The plan may also involve an element of other commercial and residential uses.

5. Significant changes in the state of affairs

As noted above, on 14 August 2017, the Group completed the disposal of its Marinas business and, effective 30 April 2018, the Group completed the disposal of its Bowling and Entertainment business.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Consolidated Group or ALL Group that occurred during the year not otherwise disclosed in this report or the financial statements.

6. Value of assets

	Consolidated Group 2018 **$'000**	Consolidated Group 2017 **$'000**	ALL Group 2018 **$'000**	ALL Group 2017 **$'000**
Value of total assets	621,128	974,213	518,370	592,695
Value of net assets	444,118	531,722	169,790	177,034

The value of the Group's and the ALL Group's assets is derived using the basis set out in Note 1 to the financial statements.

7. Interests in the Group

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

	Consolidated Group 2018	Consolidated Group 2017
Stapled securities on issue at the beginning of the year	469,153,284	463,039,616
Stapled securities issued under Distribution Reinvestment Plan	1,510,100	4,812,776
Stapled securities issued as part of ALL's employee security-based payments plans	681,149	1,300,892
Stapled securities on issue at the end of the year	471,344,533	469,153,284

8. Information on Directors

Gary Weiss
Chair

Appointed:

Ardent Leisure Management Limited – 3 September 2017
Ardent Leisure Limited – 3 September 2017

Age: 65

Gary Weiss was appointed Chair and a Director of the Company in 2017. Dr Weiss is currently the Executive Director of Ariadne Australia Limited. He is Chairman of Ridley Corporation Ltd and Estia Health Ltd and a Non-Executive Director of Thorney Opportunities Ltd and The Straits Trading Company Limited.

Dr Weiss is also a Commissioner of the Australian Rugby League Commission.

He was formerly Chairman of Clearview Wealth Limited and Coats Plc, a former executive director of Whitlam, Turnbull & Co and Guinness Peat Group plc and sat on the board of Westfield Holdings Limited, Premier Investments Ltd, Pro-Pac Packaging Ltd and a number of other public companies. Dr Weiss has also been involved in managing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Gary is also Chair of the Dreamworld Committee and a member of the Audit and Risk Committee and Main Event Committee.

Former listed directorships in the last three years:
Clearview Wealth Limited (resigned 17 May 2016)
Tag Pacific Limited (resigned 31 August 2017)
Pro-Pac Packaging Limited (resigned 27 November 2017)
Premier Investments Limited (resigned 28 July 2018)

Interest in stapled securities:
53,942,531

David Haslingden
Director

Appointed:

Ardent Leisure Management Limited – 6 July 2015
Ardent Leisure Limited – 6 July 2015

Age: 57

David Haslingden was appointed a Director of both the Company and the Manager in July 2015 and brings to the Board considerable international business experience, particularly in North America and Europe.

David is a director and major shareholder of Blue Ant Media Inc, a Canadian company that owns and operates production companies and cable networks in Canada and around the world. He is also Chairman of the Australian Geographic Society.

Previously, David was Chairman and a non-executive director of Nine Entertainment Co. Holdings Limited, President and Chief Operating Officer of Fox Networks Group and Chief Executive of Fox International Channels. David holds a Bachelor of Arts and Bachelor of Laws from The University of Sydney and a Master of Law from the University of Cambridge.

David is Chair of the Remuneration and Nomination Committee and is a member of the Safety, Sustainability and Environment Committee and the Dreamworld Committee. He is also Chair of the Dreamworld Wildlife Foundation. David was appointed Lead Independent Director in May 2018.

Former listed directorships in the last three years:
Nine Entertainment Co. Holdings Limited (resigned 1 March 2016)

Interest in stapled securities:
160,000

8. Information on Directors (continued)

Don Morris AO
Director

Appointed:

Ardent Leisure Management Limited – 1 January 2012
Ardent Leisure Limited – 1 January 2012

Age: 73

Don Morris was appointed a Director of both the Company and the Manager in January 2012 and brings to the Board significant experience of advertising, marketing and promotion, particularly for tourism.

Don was a founding principal of Mojo Australia Advertising, creators of several iconic Australian advertising campaigns, including 'I Still Call Australia Home' for Qantas, the Paul Hogan 'Shrimp on the Barbie' for Australian tourism and 'C'mon Aussie C'mon' for World Series Cricket.

Don was Chair of both the Australian Tourist Commission and Tourism Queensland. He is a former director of Mojo MDA Group Limited, R M Williams Limited, Harvey World Travel Limited, PMP Limited, the Tourism & Transport Forum, Tourism Asset Holdings Limited, Hamilton Island Enterprises Limited and Port Douglas Reef Resorts Limited.

Don was appointed an Officer of the Order of Australia in 2002 for services to tourism and holds a Bachelor of Economics from Monash University.

Don's current directorships include, Fantasea Cruising Pty Limited and Ausflag Limited. He is Chair of Tourism Think Tank, and non-executive Chair of Pure Projects, the largest wholly Australian international project management group.

He was appointed an Adjunct Professor in Tourism by Griffith University in 2012. In 2013, he received an Honorary Degree of Doctor of the University and was appointed Chair of the Advisory Board of the Griffith Institute for Tourism (GIFT).

Don is a member of the Remuneration and Nomination Committee, Safety, Sustainability and Environment Committee and Dreamworld Committee.

Former listed directorships in the last three years:
None

Interest in stapled securities:
13,950

Randy Garfield
Director

Appointed:

Ardent Leisure Management Limited – 14 August 2017
Ardent Leisure Limited – 14 August 2017

Age: 66

Randy Garfield was appointed a Director of both the Manager and the Company in August 2017. During his 43 year travel industry career Mr Garfield spent over 30 years working in senior executive roles specialising in global marketing and sales, sponsorship development and sales operations.

As Executive Vice President of Worldwide Sales & Travel Operations at Walt Disney Parks & Resorts, he led the worldwide sales, convention services, resort contact centres and distribution marketing efforts for the Disneyland Resort, Walt Disney World Resort, Disneyland Paris, Hong Kong Disneyland Resort, Shanghai Disney Resort, Disney Cruise Line, Disney Vacation Club, Adventures by Disney, Aulani-a Disney Resort & Spa in Hawaii and Golden Oak. Throughout his 20+ year Disney career he also served as President of Walt Disney Travel Company, one of the largest tour operators in the USA.

Prior to joining Disney, Randy also served as Vice President of Sales for Universal Studios Hollywood starting in 1986 where he helped generate record attendance and trail blazed the launch of Universal Studios Florida by crafting their pre-opening sales plan. He moved to Orlando in summer 1989 as Executive Vice President of Marketing and Sales/Chief Marketing Officer and led the business through its pre-opening and launch, and also served in a leadership role on the team which formulated the expansion plan including a second theme park as well as hotels and a massive retail, dining and entertainment complex.

8. Information on Directors (continued)

Randy Garfield (continued)
Director

Randy's current directorships include Deep Blue Communications, Rocky Mountaineer, US Travel Association and Destination Canada.

Previous Board roles include the US Travel Association (Chairman) and Brand USA. Randy is an inductee into the US Travel Hall of Leaders, and has been recognised three times as one of the most extraordinary sales and marketing minds by Hospitality Sales & Marketing Association International.

Randy is a member of the Remuneration and Nomination Committee, Safety, Sustainability and Environment Committee, Dreamworld Committee and Main Event Committee.

Former listed directorships in last three years:
None

Interest in stapled securities:
Nil

Brad Richmond
Director

Appointed:

Ardent Leisure Management Limited – 3 September 2017
Ardent Leisure Limited – 3 September 2017

Age: 59

Brad Richmond was appointed a Director of both the Company and the Manager in 2017. Brad is a Certified Public Accountant with 36 years' experience in finance, operations and strategic planning in the full-service restaurant industry in North America. Brad recently held the position of Senior Vice-President and Chief Financial Officer of Darden Restaurants Inc., the world's largest full-service restaurant company operating multiple brands including Olive Garden, LongHorn Steakhouse, Season's 52, The Capital Grille, Eddie V's, Yard House and Bahama Breeze. Prior to this position, Brad held a number of other roles at Darden including Senior Vice President and Corporate Controller and Senior Vice President, Brand Financial Leader at various Darden brands.

Before joining Darden, Brad was a senior auditor with Price Waterhouse & Co.

Brad holds a Bachelor of Sciences/Bachelor of Arts degree from the University of Missouri.

Brad is Chair of the Main Event Committee and member of the Audit and Risk Committee (having formally been Chair of the Audit and Risk Committee until 1 July 2018).

Former listed directorships in the last three years:
None

Interest in stapled securities:
48,450

8. Information on Directors (continued)

Toni Korsanos
Director

Appointed:

Ardent Leisure Management Limited – 1 July 2018
Ardent Leisure Limited – 1 July 2018

Age: 49

Toni Korsanos was appointed a Director of the Company and the Manager in July 2018. Toni has more than twenty years' senior executive experience in financial and general management, strategy, mergers and acquisitions, communications, technology and risk management. Toni was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. Prior to working at Aristocrat, Toni held a number of finance and business development positions at Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Toni has a Bachelor of Economics (Accounting & Finance) from Macquarie University and is a Member of the Institute of Chartered Accountants. Toni is also a Member of Chief Executive Women and a Non-Executive Director of Crown Resorts Limited and Webjet Limited.

Toni is Chair of the Audit and Risk Committee.

Former listed directorships in the last three years:
Nil

Interest in stapled securities:
Nil

Roger Davis
Former Director

Appointed:

Ardent Leisure Management Limited – 1 September 2009 (resigned 17 August 2018)
Ardent Leisure Limited – 28 May 2008 (resigned 17 August 2018)

Age: 67

Roger Davis was appointed a Director of the Company in 2008. Roger brought to the Board over 37 years of experience in banking and investment banking in Australia, the US and Japan. Roger is presently Chairman of the Bank of Queensland and a Consulting Director at Rothschild Australia Limited and holds non-executive directorships at Argo Investments Limited, AIG Australia Limited and Charter Hall Retail Management Limited (the manager for Charter Hall Retail REIT). Previously, he was Managing Director at Citigroup where he worked for over 20 years and more recently was Group Managing Director at ANZ Banking Group.

Roger's former directorships include the Chairmanship of Esanda, along with directorships of Aristocrat Leisure Limited, ANZ (New Zealand) Limited, Charter Hall Office Management Limited (the manager for Charter Hall Office REIT), The Trust Company Limited, TIO Limited and Citicorp Securities Inc. in the United States.

Roger holds a Bachelor of Economics (Hons) from The University of Sydney and a Master of Philosophy from Oxford.

Roger is Chair of the Safety, Sustainability and Environment Committee and is a member of the Audit and Risk Committee.

Former listed directorships in last three years:
Aristocrat Leisure Limited (resigned 27 February 2017)

Interest in stapled securities:
200,658

8. Information on Directors (continued)

Former directors that held office within the year

George Venardos – former Chair; retired as Chair and Director 29 September 2017;
Melanie Willis – former Director; resigned 8 September 2017;
Simon Kelly – former Managing Director and Chief Executive Officer; resigned 8 November 2017; and
Deborah Thomas – former Director and Chief Executive Officer; retired 1 July 2017.

9. Meetings of Directors

The attendance at meetings of Directors of the Manager and ALL during the year is set out in the following table:

	Full meetings of Directors		Meetings of Committees											
			Audit and Risk		Remuneration & Nomination		Safety, Sustainability & Environment		Customer & Digital		Dreamworld		Main Event	
	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]
Gary Weiss	10	10	3	3	-	-	-	-	-	-	3	3	1	1
David Haslingden	16	16	-	-	4	4	4	3	-	-	3	1	-	-
Don Morris AO	16	15	-	-	4	4	4	3	1	1	3	3	-	-
Randy Garfield	12	12	-	-	3	3	3	3	-	-	3	3	1	1
Brad Richmond	10	10	3	3	-	-	-	-	-	-	-	-	1	1
George Venardos	7	7	1	1	2	2	1	1	-	-	-	-	-	-
Roger Davis	16	11	4	4	-	-	4	4	-	-	-	-	-	-
Melanie Willis	6	6	1	1	-	-	-	-	1	1	-	-	-	-
Simon Kelly	8	8	-	-	-	-	-	-	-	-	-	-	-	-

(1) Eligible to attend
(2) Attended

10. Company Secretary

The Group's Company Secretary is Bronwyn Weir. Bronwyn was appointed to the position of Company Secretary of the Manager and Company on 10 April 2017. Prior to being appointed Company Secretary, Bronwyn was the Assistant Company Secretary for the Group since 21 November 2014. Before joining the Group, Bronwyn was Assistant Company Secretary at the Royal Australasian College of Physicians.

Bronwyn holds a Bachelor of Commerce and Graduate Certificate in Commercial Law from Deakin University and a Certificate in Governance Practice and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

11. Remuneration report

Introduction from the Chair of the Remuneration and Nomination Committee

The Directors of Ardent Leisure Group (the Group) are pleased to present security holders with the 2018 Remuneration Report. This report outlines the Group's approach to remuneration for its Directors and Executives.

The Remuneration and Nomination Committee (Committee), on behalf of the Board, oversees the Group's remuneration framework ensuring that it aligns with the interests of our security holders and reflects the Group's commitment to deliver market competitive remuneration to attract, retain and motivate high quality directors and executives.

Changes to the Group

There were significant changes in Directors and Executive Key Management Personnel (KMP) during FY18. Mr Simon Kelly left the business on 16 November 2017 after having served as the Group's Managing Director and Chief Executive Officer since April 2017. Mr Geoff Richardson, the Group's Interim Chief Financial Officer became Acting Chief Executive Officer until 15 June 2018.

On 26 February 2018, the Group announced the appointment of Mr Chris Morris as President and Chief Executive Officer of Main Event Entertainment following the departure on Charlie Keegan in November 2017.

11. Remuneration report (continued)

Changes to the Group (continued)

Mr Morris has over 20 years of experience with multisite businesses including over six years in the family entertainment business. Mr Morris brings to the Group strong leadership, extensive experience in brand revitalisation strategies and operational execution. Mr Morris has previously held senior executive roles at California Pizza Kitchen, On the Border Mexican Grill & Cantina and CEC Entertainment, a publicly traded company on the New York Stock Exchange.

Following the successful divestment of the Marinas and Bowling and Entertainment businesses during the year, the Board reviewed the organisational structure of the Group and, on 1 June 2018, announced the appointment of Mr Darin Harper as Group Chief Financial Officer. Mr Harper joined the Group in March 2017 as Chief Financial Officer for Main Event Entertainment. Mr Harper brings over 20 years of financial experience in the US customer retail and hospitality industry. Mr Harper will continue to act as Chief Financial Officer for Main Event alongside Mr Morris.

Ms Nicole Noye was appointed Acting CEO of Australian Theme Parks in July 2018, having been appointed as Group Chief Experience Officer in June 2018. Previously, she held the role of CEO, Bowling and Entertainment Division from 2014-2017. Ms Noye has over 30 years' experience in the retail sector and more than 20 years as a senior and executive manager. She worked for BB Retail Capital as CEO for Bras N Things and CEO for Diva. Ms Noye is a member of the Dreamworld Committee.

Changes to Board of Directors

During the year, the Group's Board has continued to evolve to ensure an appropriate combination of experience, skills and diversity. To reflect the geographic earnings of the Group, the Board committed to appointing US-based directors and, on 14 August 2017, appointed Mr Randy Garfield as a Non-Executive Director. Mr Garfield has over 20 years' experience working in senior executive roles across the Walt Disney Company and in total more than four decades in the travel and tourism industries.

The Board appointed a second US-based Non-Executive Director, Mr Brad Richmond, on 3 September 2017. Mr Richmond has over 36 years' experience in finance, operations and strategic planning in the restaurant and casual dining industry in North America.

On 29 September 2017, the Group's then Chairman, Mr George Venardos, retired after serving as a Non-Executive Director since 2009. Mr Venardos was succeeded by Dr Gary Weiss, who was appointed to the Board as a Non-Executive Director on 3 September 2017.

Additionally, Ms Melanie Willis resigned as Non-Executive Director on 8 September 2017. Ms Toni Korsanos was appointed as Non-Executive Director on 1 July 2018. Ms Korsanos has more than 20 years' senior executive experience in financial and general management, strategy, mergers and acquisitions, communications, technology and risk management. Future appointments will allow for additional diversity.

Changes to Committees

To ensure that the Group is actively focussed on its remaining divisions, Theme Parks and US Entertainment Centres, the Board established two additional Committees, the Dreamworld Committee and Main Event Committee, effective from 23 February 2018.

The Main Event Committee is responsible for the management and performance of Main Event Entertainment. The Committee will assist management to achieve its strategic objective of growth, superior brand positioning, quality site selection and delivering outstanding customer service. The Dreamworld Committee has been established with the primary objective to oversee the recovery and improved performance of Dreamworld. Specifically, this Committee will review development plans for rides and attractions and provide guidance on developing stronger relationships with the community, local authorities, suppliers and other key stakeholders.

Remuneration Structure

KMP remuneration packages are structured to ensure that a significant proportion of an executive's award is linked to achieving business objectives and realising benefits for securityholders. The remuneration packages for the newly appointed CEO for Main Event Entertainment and the Group CFO have been structured to reflect individual circumstances, duties and responsibilities, and local market conditions. As advised in FY17, with the Group operating in both domestic and US markets, the LTI framework reflects the respective practices. As such, the vesting of the LTI opportunity, for US-based executives is partially (1/3rd) subject to a continued service condition. The rationale for this is to maintain competitiveness and retain talent, as well as reflecting US domestic market practices.

The remuneration levels and arrangements for each executive will be reviewed annually to ensure alignment to the relevant market and the Group's stated objectives.

11. Remuneration report (continued)

Remuneration outcomes in FY18

FY18 was another challenging year for the Group. While the financial performance of the Group was below expectations, there continues to be steady improvement in revenue and attendance at Dreamworld and encouraging trends at Main Event.

At the end of the period the remaining KMP included Mr Chris Morris, Mr Darin Harper (by virtue of his role as Group CFO) and Mr Craig Davidson. In relation to Mr Morris and Mr Harper, due to having only commenced in their roles as KMP in March 2018 and June 2018 respectively, no STI payments were received by them. In regard to Mr Harper's role as CFO for Main Event Entertainment, a cash STI payment has been awarded. Further details in relation to remuneration outcomes are provided in the report. In relation to Mr Craig Davidson, no STI payments were made.

The performance rights granted under the FY14, FY15 and FY16 LTI plan were tested against the EPS and TSR at the end of the financial year. The hurdles for EPS and TSR were not met and accordingly the rights subject to these performance hurdles have lapsed.

Non-Executive Director remuneration

Fees and payments made to Non-Executive Directors reflect the demands upon and responsibilities of those directors.

In line with Dr Weiss' commitment on joining the Group in September 2017, Dr Weiss has not received any fees for being a Director, Chairman or member of any Committee.

Non-Executive Director fees and the maximum aggregate fee pool limit are reviewed annually by the Committee.

Changes to the Group structure

The Committee remains committed to refining and evolving the Group's remuneration arrangements to drive performance and align with security holder interests and general market practice. The Committee welcomes feedback on our remuneration framework and I look forward to your continued support at our Annual General Meeting in November 2018.

David Haslingden
Chair, Remuneration and Nomination Committee

11. Remuneration report (continued)

Contents

The remuneration report for the Group for the year ended 26 June 2018 is set out as follows:

(a) Who is covered by this report;

(b) Remuneration Governance;

(c) Remuneration framework; structures, opportunities and performance outcomes;

(d) Remuneration outcomes for executives;

(e) Service agreements of Key Management Personnel;

(f) Non-Executive Director Fees; and

(g) Additional Statutory Disclosures.

The information provided in the Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

(a) Who is covered by this report

Key Management Personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 26 June 2018, the KMP for the Group comprise the following:

Position	Name	Primary Location of Employment
Executive KMP		
President and CEO - US Entertainment Centres	Chris Morris (commenced 26 March 2018)	US-based
Group Chief Financial Officer	Darin Harper (commenced 4 June 2018)	US-based
CEO – Australian Theme Parks	Craig Davidson (resigned 3 July 2018)	Australian-based
Former Group Chief Executive Officer and Chief Financial Officer (interim)	Geoff Richardson (employed from 3 July 2017 to 15 June 2018)	Australian-based
Former Group Chief Executive Officer & Managing Director	Simon Kelly (terminated employment 16 November 2017)	Australian-based
Former Group Chief Executive Officer & Managing Director	Deborah Thomas (terminated employment 1 July 2017)	Australian-based
Former Chief Financial Officer	Richard Johnson (terminated employment 14 July 2017)	Australian-based
Former CEO – Australian Bowling and Entertainment Centres	Nicole Noye (terminated employment 27 December 2017)	Australian-based
Former CEO – US Entertainment Centres	Charlie Keegan (terminated employment 24 November 2017)	US-based
Non-executive Directors		
Chairman	Gary Weiss (effective 3 September 2017)	Australian-based
Lead Independent director	David Haslingden	Australian-based
Independent director	Don Morris AO	Australian-based
Independent director	Randy Garfield (effective 14 August 2017)	US-based
Independent director	Brad Richmond (effective 3 September 2017)	US-based
Independent director	Toni Korsanos (effective 1 July 2018)	Australian-based
Former Independent Chair	George Venardos (resigned 29 September 2017)	Australian-based
Independent director	Roger Davis (resigned 17 August 2018)	Australian-based
Former Independent director	Melanie Willis (resigned 8 September 2017)	Australian-based

11. Remuneration report (continued)

(a) Who is covered by this report (continued)

(i) Changes to KMP effective after the end of the reporting period

The following changes occurred after the end of the reporting period:

- Craig Davidson ceased employment with the Group in July 2018;
- Ms Nicole Noye was appointed Acting CEO of Australian Theme Parks in July 2018; and
- Roger Davis resigned as a Director effective 17 August 2018.

(b) Remuneration Governance

The Remuneration and Nomination Committee's purpose is to review, evaluate and make recommendations to the Board in relation to the following key remuneration areas:

- Remuneration policies for remuneration programs appropriate to the Group;
- The remuneration framework for directors and executives;
- Reviewing the performance of KMP to pre determined criteria on an annual basis;
- Recruitment, retention and termination policies and procedures for executives;
- The appointment of any remuneration consultants providing advice to the Group on the scale and components of remuneration packages of KMP; and
- Reporting on executive remuneration.

The Committee seeks to align the interests of the executives with those of security holders through the use of performance hurdles to drive sustainable growth and by requiring executives to hold a minimum security holding from vested LTIP awards equal to their annual pre-tax salary.

The Committee has adopted a process of benchmarking the Executive KMPs' remuneration using independently provided market data. The reports are provided directly to the Chair of the Committee to ensure they are prepared in a manner free from undue influence by the Group's executives.

During FY18, Ernst & Young provided the following remuneration-related services to the Group:

- Provision of market remuneration data and market practice information;
- Tax advice in relation to the incoming US CEO's remuneration arrangements and equity awards; and
- Immigration and tax advice in relation to the appointment and remuneration of US based Directors.

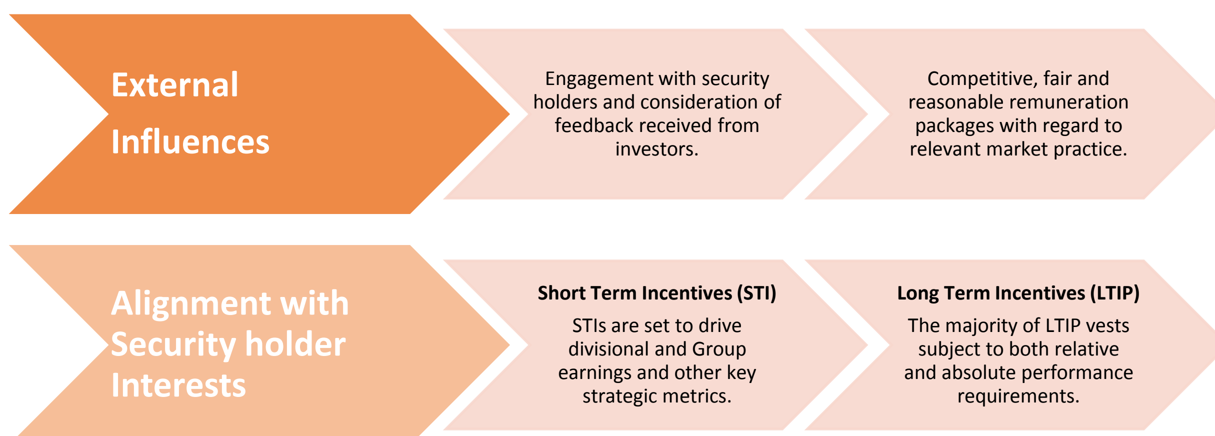
Ernst & Young was not requested to, and did not provide, a remuneration recommendation in relation to any of the above services.

(c) Remuneration framework: structures, opportunities and performance outcomes

Ardent Leisure has recently downsized into a business comprised of two key operating divisions each with a separate regional focus. In the interest of maintaining competitiveness in recruiting and retaining top executive talent, the remuneration strategy must reflect the domestic remuneration practices of these markets. As such, the Remuneration and Nomination Committee must at times apply flexible incentive structures that reflect what is most commonly observed in the United States market for those executives that work and reside there. For example, the long term incentive structure differs for United States executives as one-third of the annual LTI grant includes a service-based component that does not apply to Australian executives. Although this may not be common practice in Australia, having a component of time vesting equity is readily observed in the United States (however securityholders should note that the majority of the LTI grant to US-based executive remains subject to long term performance conditions). A breakdown of the LTI performance criteria is further detailed in section 11(c)(iii).

11. Remuneration report (continued)

(c) Remuneration framework: structures, opportunities and performance outcomes (continued)



(i) Remuneration structure (Australian and US Based KMP)

The executive remuneration framework that was in place during the course of the year ended 26 June 2018 has three components:

	FY18	FY19	FY20	FY21
Annual Base Salary Australian based KMP receive a mix of cash salary, employer superannuation contributions and non-financial benefits. US based KMP receive a mix of cash salary, contributions and non-financial benefits.	Received during the financial year			
Short Term Incentive The STI is an annual performance bonus set against financial and personal key performance indicators.	One year performance period paid in cash			
Long Term Incentive For Australian based KMP, performance rights as granted subject to 50% TSR and 50% compound EPS. For US based Executive KMP, 1/3rd is subject to continued service, 1/3rd is subject to TSR and 1/3rd subject to compound EPS.	Compound EPS growth performance hurdle	1/3rd vesting after two years	1/3rd vesting after three years	1/3rd vesting after four years
	TSR performance hurdle	1/3rd vesting after two years	1/3rd vesting after three years	1/3rd vesting after four years
	Service Condition: three year service period			

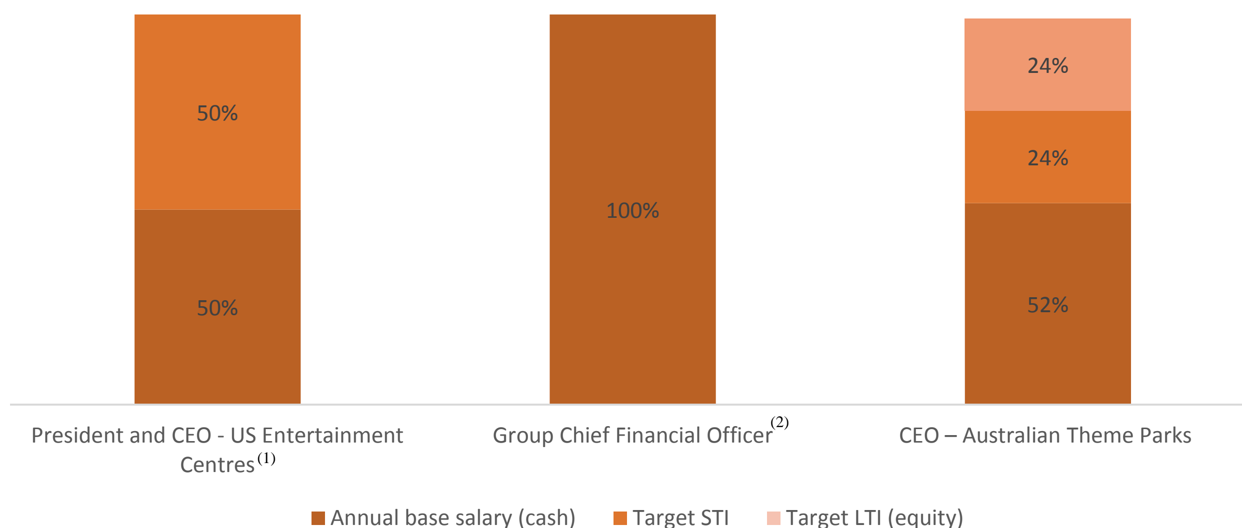
Note: For the President and CEO of Main Event Entertainment, performance rights are granted a one-time LTI opportunity, subject to appreciation in the Enterprise Value of Main Event over the threshold amount. Refer to section 11(c)(iii) for further details.

11. Remuneration report (continued)

(c) Remuneration framework: structures, opportunities and performance outcomes (continued)

(ii) Remuneration mix – FY18

The relative target proportions of annual base salary and performance incentives for Executive KMP at 26 June 2018 are set out below:



(1) The President and CEO of the US Entertainment Centres has been granted a one-time LTI opportunity, subject to the achievement of appreciation in the Enterprise Value of Main Event over the threshold amount with payment on occurrence of a future realisation event, being a change in control of Main Event or an initial public offering of securities in Main Event. At 26 June 2018, the value and proportion of this component of Mr Morris' remuneration mix cannot be quantified and is therefore excluded from the above chart.

(2) The Group Chief Financial Officer was appointed on 4 June 2018. As such, he was not eligible for participation in the STI and LTI plans.

(iii) Remuneration elements

Annual base salary

The annual base salary includes cash salary, employer superannuation contributions and non-financial benefits. Base salaries for Executive KMP are reviewed annually to ensure that pay is competitive with the external market. Executive KMP are not entitled to a guaranteed pay increase. In instances where there is a change in role or responsibilities for an Executive KMP, this may trigger an annual base salary review.

The external market against which executive remuneration is reviewed typically considers companies of similar size by market capitalisation and revenue for corporate roles, and ASX 200 Consumer Discretionary companies for Australian business unit roles. For roles that are primarily based in the US, consideration is given to US-listed companies with a similar revenue profile to Main Event Entertainment within similar industries.

New Executive KMP remuneration

The new President and CEO of Main Event Entertainment, Mr Chris Morris, commenced employment on 26 March 2018 with no fixed term. The total fixed remuneration he will receive is US$600,000 per annum. Mr Morris was provided with a sign-on payment of US$450,000 to make whole for incentives foregone in his previous role. The payment is split into two tranches; the first tranche of US$225,000 was paid on 30 June 2018 and the second tranche of US$225,000 will be paid on 30 June 2019.

The Board considered the appropriateness of settling Mr Morris' LTI in Ardent securities as opposed to cash. The Board determined that given Mr Morris is wholly responsible for leading the US Entertainment Centres, settlement of Mr Morris' LTI in equity is considered inappropriate due to the impact of the performance of the Australian Theme Parks, for which Mr Morris does not hold direct responsibility.

Effective 4 June 2018, Mr Darin Harper was appointed Group Chief Financial Officer and will receive an additional payment of US$10,000 per month for performing this role. Mr Harper's total fixed remuneration will be US$420,000 per annum.

11. Remuneration report (continued)

(c) Remuneration framework: structures, opportunities and performance outcomes (continued)

(iii) Remuneration elements (continued)

Short-term incentive

Who can participate?	Executive KMP are able to participate in the STI; however participation and payment of any STI remains at the Board's discretion.
When is the STI paid?	If performance is sufficient, STI awards are payable in cash.
What performance measures are used?	Key performance indicators (KPI's) are split into financial and personal measure categories: Financial KPIs Earnings and revenue targets representing 60% of an executive's STI opportunity. For those executives who act in Group-wide roles, the financial KPIs are based on Group earnings and revenue related measures. For those executives that occupy divisional roles, the KPIs are a mix of Group and Divisional KPIs. Personal KPIs Personal KPIs (representing the remaining 40% of an executive's STI opportunity) are not financial in nature and are set to support execution of improvements and initiatives in such functions as: • health, safety and engineering operations; • risk and insurance management; • compliance; • relationship management; • customer and community engagement; • employee engagement; • business development; and • other strategic initiatives. Each individual typically has 5-7 personal KPIs which each represent 5% - 10% of the STI opportunity.
What are stretch STI awards?	Executive KMP are eligible to receive a stretch STI award for out-performance of financial KPIs.

11. Remuneration report (continued)

(c) Remuneration framework: structures, opportunities and performance outcomes (continued)

(iii) Remuneration elements (continued)

Long-term incentive Plan (LTIP)

Who can participate?	All executives are eligible for participation at the discretion of the Board.
What types of securities are issued?	The LTIP is typically granted in the form of performance rights that can be converted into fully paid securities when and if vested. Performance rights do not carry any voting or distribution entitlements.
What restrictions are there on the securities?	Performance rights are non-transferable. Executives may not hedge any portion of their unvested awards.
Is there a performance gateway?	For any rights to vest under the LTIP an initial gateway performance hurdle must be met or exceeded. The gateway hurdle is a minimum return on equity target equal to or greater than 2.5X the 10 year bond yield rate for Australian Government bonds.
When can the performance rights vest?	For the FY18 LTI opportunity, one third of the Performance Rights can vest in August 2019, 2020 and 2021. Whether the FY18 Performance Rights that can vest in August 2019 in fact vest depends on the company's performance over the two-year period comprising FY18 and FY19. Whether the FY18 Performance Rights that can vest in August 2020 in fact vest depends on the company's performance over the three-year period comprising FY18, FY19 and FY20. Whether the FY18 Performance Rights that can vest in August 2021 in fact vest depends on the company's performance over the four-year period comprising FY18, FY19, FY20 and FY21.
When can the performance rights vest under the Australian Plan?	For the FY18 LTI opportunity, assuming the performance gateway is achieved, whether the performance rights that can vest do in fact vest is determined as follows: • 50% is subject to a relative TSR performance hurdle; and • 50% is subject to a compound EPS performance hurdle.
When can the performance rights vest under the US Plan?	For the FY18 LTI opportunity, assuming the performance gateway is achieved, whether the performance rights that can vest do in fact vest is determined as follows: • 1/3rd is subject to a relative TSR performance hurdle; • 1/3rd is subject to a compound EPS performance hurdle; and • 1/3rd vests automatically provided the executive has remained in continuous employment since the date of grant.
What is Relative TSR and how is it measured?	Relative TSR is the total return an investor would receive over a set period of time, assuming that all distributions were reinvested in the Group's securities, measured against the return of an external benchmark. The relative TSR definition takes account of both capital growth and distributions. Relative TSR is measured against the S&P/ASX 200 Industrials Index over the performance period. Relative TSR performance is measured by an independent third party. The vesting schedule for the portion of the grant subject to the relative TSR performance condition is as follows: For FY18, the vesting scale is as follows:

Relative TSR Performance	Proportion of performance rights vesting
Below 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or higher	100%

What is EPS and how is EPS measured?	The EPS hurdle refers to the compound annual growth of earnings per security over the vesting period. The vesting schedule for the portion of the FY18 grant subject to EPS performance is as follows:

Compound EPS growth in the period	Proportion of performance rights vesting
Below 5%	0%
5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% or higher	100%

11. Remuneration report (continued)

(d) Remuneration outcomes for executives

(i) STI outcomes in respect of FY18 performance

In respect of FY18 and FY17 performance, the percentage of STI that was awarded to the executives and the percentage that was forfeited because the executive did not meet the performance criteria are set out below. Actual payments are made to individuals following the release of audited results.

Name	Financial year	STI Awarded	STI Forfeited	STI outcome
Chris Morris	FY18	0%	0%	-
	FY17	n/a	n/a	n/a
Darin Harper	FY18	0%	0%	-
	FY17	n/a	n/a	n/a
Craig Davidson	FY18	0%	0%	-
	FY17	0%	100%	-
Geoff Richardson	FY18	0%	100%	-
	FY17	n/a	n/a	n/a
Simon Kelly	FY18	0%	100%	-
	FY17	0%	100%	-
Deborah Thomas	FY18	n/a	n/a	n/a
	FY17	100%	0%	-
Richard Johnson	FY18	0%	100%	-
	FY17	40%	60%	$147,826
Nicole Noye(1)	FY18	0%	0%	$204,988
	FY17	40%	60%	$75,600
Charlie Keegan	FY18	0%	100%	-
	FY17	0%	100%	-

(1) STI amount includes a sale completion bonus of $204,988 and no STI performance bonus.

(ii) Minimum security holdings

Ardent Leisure outlines that Executive KMP are required to hold securities with a value at least equal to their pre-tax fixed remuneration. Non-Executive Directors are expected to hold the minimum value of security holdings within four years of appointment and thereafter increase holdings over their tenure; specifically, the minimum values are equivalent to the Chairman base fee and Non-Executive Director base fee.

11. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

(iii) LTIP outcomes

Three LTIP tranches (issued in FY14, FY15 and FY16) are due to vest in August 2018, subject to performance achieved. Nil performance rights out of a total of 383,663 that were subject to testing will vest and as such no stapled securities will be issued to employees under the terms of the LTIP.

Details of the TSR and EPS performance are set out in the tables below:

Tranche	Performance period	TSR performance rights			EPS performance rights	
		Group TSR performance	Percentile	Vesting percentage	Group CAGR EPS	Vesting percentage
T3-2013	1 July 2014 – 30 June 2018 (4 years)	(13.86%)	30.25	Nil	n/a(1)	Nil
T2-2014	1 July 2015 – 30 June 2018 (3 years)	2.14%	40.91	Nil	(133.84%)	Nil
T1-2015	1 July 2016 – 30 June 2018 (2 years)	2.08%	32.00	Nil	n/a(1)	Nil

(1) Mathematically, CAGR cannot be computed when there is an positive EPS in the first year, a negative EPS in the last year and an even number of years over which it is being measured. However, as EPS has declined over the CAGR measurement period, it has by definition failed to meet the minimum vesting hurdle of 5% CAGR EPS growth..

(iv) Severance Payments Executive KMPs

	Payment
Simon Kelly Former Group Chief Executive Officer	Mr Kelly received a payment of $300,000 in connection with his departure from the Group. Mr Kelly also received 143,807 stapled securities as part of his sign-on grant to reflect vesting on a pro-rata basis for his time served. 655,527 unvested securities have been forfeited in accordance with the terms of the grant.
Deborah Thomas Former Group Chief Executive Officer	Ms Thomas received 12 months' base salary in lieu of notice and will continue to participate in the LTI Plan in respect of any unvested performance rights (which are not subject to a tenure requirement) and therefore outstanding performance rights remain 'on foot' and will only vest subject to performance achievement against the predetermined vesting conditions.
Richard Johnson Former Chief Financial Officer	Mr Johnson's DSTI performance rights were due to vest on 15 August 2017 and were allotted on 24 July 2017 on termination of employment with the Group. In addition, the performance rights due to vest on 31 August 2018 vested early and were allotted on the same date. Mr Johnson will continue to participate in the LTI Plan in respect of any unvested performance rights (which are not subject to a tenure requirement) and therefore outstanding performance rights remain 'on foot' and will only vest subject to performance achievement against the predetermined vesting conditions.
Charlie Keegan Former CEO – US Entertainment Centres	Mr Keegan's remaining unvested DSTI performance rights granted on 23 August 2016 will vest on 31 August 2018. Mr Keegan will continue to participate in the LTI Plan in respect of any unvested performance rights (which are not subject to a tenure requirement) and therefore outstanding performance rights remain 'on foot' and will only vest subject to performance achievement against the predetermined vesting conditions.

11. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

This section sets out the actual remuneration outcomes realised by executives and the statutory remuneration disclosures for FY18 and FY17 as well as a summary of the Group's business performance over the last five years.

(v) Actual remuneration outcomes

The table below sets out the total realised pay (take home pay) in respect of the years ended 26 June 2018 and 30 June 2017. The deferred equity and LTIP vested elements of realised pay relate to both individual and the Group's performance up to 26 June 2018. The information below is different to the statutory information later in this section, which is audited and includes the accounting value of equity expensed in the year, rather than the actual benefit received as shown in the table below:

			STI on an accrued basis				
Name	Financial year	Base salary (incl Super) paid	Cash	Deferred equity vested (1)	LTIP vested (1)	Termination payment	Total realised pay in respect of the financial year
Chris Morris (2)	FY18	US$161,538	-	-	-	-	US$161,538
	FY17	n/a	n/a	n/a	n/a	n/a	n/a
Darin Harper (3)	FY18	US$20,961	-	US$100,956	-	-	US$121,917
	FY17	n/a	n/a	n/a	n/a	n/a	n/a
Craig Davidson (4)	FY18	$384,808	-	$49,846	-	$177,000	$611,654
	FY17	$384,376	-	$99,091	-	-	$483,467
Geoff Richardson (5)	FY18	$846,700	-	-	-	-	$846,700
	FY17	n/a	n/a	n/a	n/a	n/a	n/a
Simon Kelly (6)	FY18	$332,727	-	$247,348	-	$300,000	$880,075
	FY17	$54,634	-	-	-	-	$54,634
Deborah Thomas (7)	FY18	-	-	-	-	$731,291	$731,291
	FY17	$757,516	-	-	-	-	$757,516
Richard Johnson (8)	FY18	$27,697	-	$62,578	-	$246,998	$337,273
	FY17	$666,305	$147,826	$95,521	$67,657	-	$977,309
Nicole Noye (9)	FY18	$212,052	$204,988	-	-	$17,958	$434,998
	FY17	$420,026	$75,600	$108,361	-	-	$603,987
Charlie Keegan (10)	FY18	US$270,048	-	US$62,259	US$191,958	US$294,375	US$818,640
	FY17	US$512,500	-	US$147,311	US$13,577	-	US$673,388

(1) The vesting of Deferred equity and LTIP performance rights into fully paid stapled securities reflect previous performance of executives and of the Group up to 26 June 2018. Securities to be issued in respect of the financial year are valued at $1.97 per security, representing the closing price at 26 June 2018 (2016: $1.88 per security, representing the closing price at 30 June 2017). Amounts expressed in US dollars are converted from Australian dollars at an exchange rate of 0.7416 representing the closing rate at 26 June 2018 (2017: 0. 7552, representing the closing rate at 30 June 2017).

(2) Commenced employment and became KMP on 26 March 2018.

(3) Although an employee of the Group since March 2017, became KMP on appointment as Group Chief Financial Officer from 4 June 2018.

(4) Termination payment amount includes a retention bonus of $100,000 and payment on exit of the Group of $77,000.

(5) Commenced employment and became KMP on 3 July 2017. Ceased employment on 15 June 2018. Mr Richardson was paid a per diem rate of $2,500 for his time as interim Group CFO and $4,200 per day for his time as Acting Group CEO. The Group also paid Watermark Interim Management a standard consultancy fee.

(6) Commenced employment and became KMP on 26 April 2017. Ceased employment on 16 November 2017.

(7) Ceased employment 1 July 2017. Ms Thomas was paid a termination benefit of $731,291 equal to 12 months average base remuneration on 1 July 2017. This amount was lower than the prima facie contractual entitlement in alignment with the Corporations Amendment (Improving Accountability on Termination Payments) Act. Ms Thomas retained the right to previously granted but unvested entitlements under the Group's LTI plan which remain subject to performance criteria. Vesting of those entitlements remains subject to Ardent achieving TSR and EPS growth targets as specified in the LTI plan. Unvested LTIP entitlements that are subject to tenure were forfeited. Ms Thomas and Ardent entered into a transitional consultancy arrangement, whereby Ms Thomas provided ongoing support to the CEO, senior management and Board of Ardent in respect of the Coronial Inquiry into the Dreamworld tragedy. Ms Thomas was paid a consultancy fee of $3,000 per day, for each day reasonably expended in relation to the Coronial Inquiry. The Board determined this arrangement is appropriate based on external professional advice and market benchmarking. The consultancy agreement can be terminated by either party with one month's notice following the conclusion of the Coronial Inquiry.

(8) Ceased employment 14 July 2017.

(9) Ceased employment as CEO – Bowling and Entertainment on 27 December 2017.

(10) Ceased employment on 24 November 2017.

11. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

This section sets out the actual remuneration outcomes realised by executives and the statutory remuneration disclosures for FY18 and FY17.

(vi) Details of remuneration – Executive Key Management Personnel

Details of the remuneration of Executive KMP of the Group for FY18 are set out in the table below. The table sets out the total cash benefits paid to the executives in the relevant period and, under the heading "Security-based payments", shows a component of the fair value of the performance rights. The fair value of the performance rights is recognised over the vesting period as an employee benefit expense.

		Short term benefits			Post-employment benefits		Other long term benefits			
		Salary $	Cash bonus $	Annual leave [1] $	Super-annuation $	Termination payment $	Total cash payment $	Security-based payments $	Total $	Security-based payment % of total
Chris Morris [2] CEO – US Entertainment Centres	FY18	208,394	-	11,378	-	-	219,772	-	219,772	-
	FY17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Darin Harper [2] Chief Financial Officer	FY18	27,041	-	1,128	-	-	28,169	167,304	195,473	85.59%
	FY17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Craig Davidson [3] CEO – Australian Theme Parks	FY18	364,759	-	82,887	20,049	177,000	644,695	30,157	674,852	4.47%
	FY17	364,760	-	(17,674)	19,616	-	366,702	180,480	547,182	32.98%
Geoff Richardson Former Acting Chief Executive and Financial Office	FY18	846,700	-	-	-	-	846,700	-	846,700	-
	FY17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Simon Kelly Former Chief Executive Officer and Managing Director	FY18	322,703	-	(4,038)	10,024	300,000	628,689	266,501	895,190	29.77%
	FY17	51,860	-	4,038	2,774	-	58,672	31,798	90,470	35.15%
Deborah Thomas Former Chief Executive Officer and Managing Director	FY18	-	-	-	-	731,291	731,291	(240,976)	490,315	(49.15%)
	FY17	722,516	-	18,107	35,000	-	775,623	512,335	1,287,958	39.78%
Richard Johnson Former Chief Financial Officer	FY18	22,685	-	(35,431)	5,012	246,998	239,264	(257,880)	(18,616)	1385.29%
	FY17	631,305	147,826	(27,884)	35,000	-	786,247	646,231	1,432,478	45.11%
Nicole Noye Former CEO – Australian Bowling and Entertainment Centres	FY18	197,015	204,988	(22,823)	15,037	17,958	412,175	(76,251)	335,924	(22.70%)
	FY17	400,410	75,600	(6,197)	19,616	-	489,429	182,706	672,135	27.18%
Charlie Keegan [2] Former CEO – US Entertainment Centres	FY18	348,378	-	(58,487)	-	379,761	669,652	(280,347)	389,305	(72.01%)
	FY17	681,481	-	14,216	-	-	695,697	438,891	1,134,588	38.68%
	FY18	2,337,675	204,988	(25,386)	50,122	1,853,008	4,420,407	(391,492)	4,028,915	(9.72%)
	FY17	2,852,332	223,426	(15,394)	112,006	-	3,172,370	1,992,441	5,164,811	38.58%

(1) Annual leave amounts represent the increase/(decrease) in the liability for accumulated annual leave during the year.

(2) Remuneration is converted from US dollars to Australian dollars at the average exchange rate of 0.7752 (2017: 0.7542) and includes both cash settled and equity settled awards.

(3) Termination payment amount includes a retention bonus of $100,000 and payment on exit of the Group of $77,000.

Security-based payments included in the tables above reflect the amounts in the Income Statements of the Group. For performance rights issued to executives, the amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting or reporting date for those instruments not yet vested. If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in executive compensation would be increased by $673,084 to $281,592 (FY17: reduced by $423,418 to $1,854,240)

11. Remuneration report (continued)

(e) Service agreements of Key Management Personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

Executive	Term	Termination
Chris Morris President and CEO of Main Event Entertainment	No fixed term	Employment shall continue with the Group unless the executive gives the Group 90 days' notice in writing. The Group may terminate Mr Morris' employment at any time, subject to a requirement to provide 30 days' notice where the Group intends to terminate Mr Morris' employment for certain 'cause' reasons. In certain circumstances, on termination of employment, Mr Morris is entitled to continued payment of total fixed remuneration for 12 months plus any owed but unpaid incentive amounts.
Darin Harper Group Chief Financial Officer		Employment shall continue as Group Chief Financial Officer with the Group unless either party provides notice in writing.
Craig Davidson Former CEO – Australian Theme Parks	No fixed term.	Employment shall continue with the Group unless either party gives three months' notice in writing.
Geoff Richardson Former Group Chief Executive Officer and Chief Financial Officer (interim)	At will.	14 days' notice.
Simon Kelly Former Chief Executive Officer and Managing Director	No fixed term.	Employment continued with the Group unless the executive gives the Group six months' notice in writing, or the Group gives the executive 12 months' notice in writing. The Group could also make a payment in lieu of notice, in which case Mr Kelly was also entitled to receive an additional severance payment of $300,000 prorated commensurate with the notice period being paid out.
Deborah Thomas Former Chief Executive Officer	No fixed term.	Employment continued with the Group unless the executive gave the Group six months' notice in writing, or the Group gave the executive 12 months' notice in writing.
Richard Johnson Former Chief Financial Officer	No fixed term.	Employment continued with the Group unless the executive gave the Group six months' notice in writing, or the Group gave the executive 12 months' notice in writing.
Nicole Noye Former CEO – Australian Bowling and Entertainment Centres	No fixed term.	Employment shall continue with the Group unless either party gives three months' notice in writing.
Charlie Keegan Former CEO – US Entertainment Centres	No fixed term. Automatic renewal on a year by year basis.	During the contract term, employment continued with the Group unless the executive gives three months' notice in writing. An early termination payment equal to 12 months' salary was payable to the executive if the Group terminated the executive during the contract, other than for gross misconduct.

Other than as set out above, there are no contracted termination benefits payable to any KMP.

11. Remuneration report (continued)

(f) Non-Executive Director Fees

Fees paid to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees are reviewed annually by the Board and the Remuneration and Nomination Committee.

Non-Executive Directors are paid solely by the way of directors' fees and Non-Executive Directors do not participate in equity nor cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum total aggregate level of directors' fees payable by the Group is $1,200,000 per annum as set by investors at the 30 October 2014 general meeting. There is no proposal to increase the aggregate fee cap in FY19.

Board fees payable to Non-Executive Directors are as follows:

Position		Non Executive Director Fees
Board Chair		$205,000
Other Non-Executive Director	- Australian based	$120,000
	- US based	$136,000
Audit and Risk Committee	- Chair	$20,000
	- Member	$15,000
Other Committee	- Chair	$12,500
	- Member	$7,500
Dreamworld Sub-Committee	- Chair	$12,500
	- Member	$7,500
Main Event Sub-Committee	- Chair	$12,500
	- Member	$7,500

Details of the actual fees delivered to Non-Executive Directors of the Group for FY18 and FY17 are set out below:

		Salary $	Superannuation $	Total $
Independent Directors				
Gary Weiss[1]	FY18	-	-	-
	FY17	n/a	n/a	n/a
David Haslingden	FY18	117,670	11,622	129,292
	FY17	130,023	12,352	142,375
Don Morris AO	FY18	114,023	12,352	126,375
	FY17	130,023	12,352	142,375
Randy Garfield	FY18	136,034	2,391	138,425
	FY17	n/a	n/a	n/a
Brad Richmond	FY18	131,780	1,977	133,757
	FY17	n/a	n/a	n/a
George Venardos	FY18	34,813	3,843	38,656
	FY17	197,748	17,211	214,959
Roger Davis	FY18	122,122	12,045	134,167
	FY17	142,104	13,500	155,604
Melanie Willis	FY18	12,219	2,364	14,583
	FY17	136,872	13,003	149,875
	FY18	668,661	46,594	715,255
	FY17	736,770	68,418	805,188

(1) After joining the Group in September 2017, Dr Weiss did not receive any fees for being a director, Chairman or member of any Committee.

11. Remuneration report (continued)

(g) Additional Statutory disclosures

*(i) **Directors' interests in securities***

Changes to Directors' interests in stapled securities during the period are set out below:

	Opening balance	On joining the Group	Acquired	Disposed	On leaving the Group	Closing balance
Gary Weiss	-	51,116,531	3,146,000	(320,000)[1]	-	53,942,531
David Haslingden	160,000	-	-	-	-	160,000
Don Morris AO	13,950	-	-	-	-	13,950
Randy Garfield	-	-	-	-	-	-
Brad Richmond	-	-	48,450	-	-	48,450
George Venardos	215,839	-	-	-	(215,839)	-
Roger Davis	200,658	-	-	-	-	200,658
Melanie Willis	9,674	-	-	-	(9,674)	-
Simon Kelly	280,409	-	143,807	-	(424,216)	-
Deborah Thomas	42,269	-	-	-	(42,269)	-
	922,799	51,116,531	3,338,257	(320,000)	(691,998)	54,365,589

(1) Investec Australia Limited ceased to be an associate of Ariadne and the Ariadne Associates on 20 September 2017 and as such ceased to have any voting power in respect of Ardent Leisure Group securities for which Ariadne and the Ariadne Associates have a relevant interest.

(ii) Other KMP interests in securities

Changes to the interests of other KMP in stapled securities during the period are set out below:

	Opening balance	Acquired under the Group's equity plans	Disposed	On leaving the Group	Closing balance
Craig Davidson	50,000	52,708	(30,000)	-	72,708
Richard Johnson	264,566	116,596	-	(381,162)	-
Nicole Noye	5,786	57,639	-	(63,425)	-
Charlie Keegan	126,801	111,257	-	(238,058)	-
	447,153	338,200	(30,000)	(682,645)	72,708

(iii) Valuation inputs

For performance rights outstanding at 26 June 2018, the tables below show the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. Under AASB 2, this valuation is used to value the performance rights granted to employees at 26 June 2018:

DSTI grant	2016	2017
Grant date	23 August 2016	29 September 2017
Vesting date – year 1	31 August 2017	31 August 2018
Vesting date – year 2	31 August 2018	31 August 2019
Average risk free rate	1.40% per annum	2.00% per annum
Expected price volatility	40.0% per annum	42.0% per annum
Expected distribution yield	5.0% per annum	1.6% per annum
Stapled security price at grant date	$2.50	$1.82
Valuation per performance right on issue	$2.26	$1.78

11. Remuneration report (continued)

(g) Additional Statutory disclosures (continued)

(iii) Valuation inputs (continued)

LTIP grant	2014	2015	2016	2017
Grant date	19 August 2014	15 December 2015	23 August 2016	29 September 2017
Vesting date – year 2	31 August 2016	31 August 2017	31 August 2018	31 August 2019
Vesting date – year 3	31 August 2017	31 August 2018	31 August 2019	31 August 2020
Vesting date – year 4	31 August 2018	31 August 2019	31 August 2020	31 August 2021
Average risk free rate	2.57% per annum	2.10% per annum	1.40% per annum	2.00% per annum
Expected price volatility	27.0% per annum	38.3% per annum	40.0% per annum	42.0% per annum
Expected distribution yield	4.3% per annum	5.8% per annum	5.0% per annum	1.6% per annum
Stapled security price at grant date	$3.00	$2.17	$2.50	$2.50
Valuation per performance right on issue				
US employees	$1.32	$1.06	$1.51	$0.65
Australian employees	$1.32	$1.06	$1.51	$0.19

Grants of performance rights are made annually with the grant date being the date of the issue of the offer letters to employees. Although the grant date may vary from year to year, the testing period (subject to any hurdles) remains constant with the vesting date being 24 hours immediately following **the announcement of the Group's full year financial results.**

The tables below show the fair value of the performance rights in each grant as at 26 June 2018 as well as the factors used to value the performance rights as at 26 June 2018. Under AASB 2, this valuation is used to value the cash settled performance rights granted to employees at 26 June 2018:

DSTI Grant	2016	2017
Grant date	23 August 2016	29 September 2017
Vesting date – year 1	31 August 2017	31 August 2018
Vesting date – year 2	31 August 2018	31 August 2019
Average risk free rate	2.00% per annum	2.00% per annum
Expected price volatility	33.0% per annum	33.0% per annum
Expected distribution yield	4.3% per annum	4.3% per annum
Stapled security price at year end	$1.97	$1.97
Valuation per performance right at year end	$1.95	$1.91

LTIP Grant	2014	2015	2016	2017
Grant date	19 August 2014	15 December 2015	23 August 2016	29 September 2017
Vesting date – year 2	31 August 2016	31 August 2017	31 August 2018	31 August 2019
Vesting date – year 3	31 August 2017	31 August 2018	31 August 2019	31 August 2020
Vesting date – year 4	31 August 2018	31 August 2019	31 August 2020	31 August 2021
Average risk free rate	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum
Expected price volatility	33.0% per annum	33.0% per annum	33.0% per annum	33.0% per annum
Expected distribution yield	4.3% per annum	4.3% per annum	4.3% per annum	4.3% per annum
Stapled security price at year end	$1.97	$1.97	$1.97	$1.97
Valuation per performance right at year end				
US employees	-	$0.19	$0.44	$0.68
Australian employees	-	$0.19	$0.44	$0.12

11. Remuneration report (continued)

(g) Additional Statutory disclosures (continued)

(iv) Details of equity grant movements

The table below sets out the number of performance rights that were granted, lapsed and vested during the financial year and that are yet to vest:

		Year granted	Tranche	Financial years in which performance rights may vest		Value of Performance Rights at grant	Number lapsed	Value of Performance Rights at lapse	Number vested	Value of Performance Rights at vesting	Maximum value yet to vest
				Year	Number						
Current Executives											
Equity Settled											
Darin Harper	LTI	2017	T1	2020	35,677	20,925	-	-	-	-	20,925
			T2	2021	35,677	26,458	-	-	-	-	26,458
			T3	2022	35,678	30,308	-	-	-	-	30,308
	DSTI	2017	T1	2019	69,279	124,065	-	-	-	-	124,065
			T2	2020	69,279	121,896	-	-	-	-	121,896
	Total				245,590	323,652	-	-	-	-	323,652
Craig Davidson	LTI	2014	T2	2018	11,368	17,740	11,368	21,656	-	-	-
			T3	2019	11,368	14,973	-	-	-	-	14,973
		2015	T1	2018	16,741	20,904	16,741	31,892	-	-	-
			T2	2019	16,741	18,738	-	-	-	-	18,738
			T3	2020	16,741	16,776	-	-	-	-	16,776
		2016	T1	2019	15,313	23,141	-	-	-	-	23,141
			T2	2020	15,314	21,178	-	-	-	-	21,178
			T3	2021	15,314	15,798	-	-	-	-	15,798
			T4	2020	22,971	49,374	-	-	-	-	49,374
		2017	T1	2020	36,948	-	-	-	-	-	-
			T2	2021	36,949	9,163	-	-	-	-	9,163
			T3	2022	36,949	15,701	-	-	-	-	15,701
	DSTI	2015	T2	2018	27,341	53,028	-	-	27,341	52,085	-
		2016	T1	2018	25,367	60,259	-	-	25,367	48,324	-
			T2	2019	25,367	57,319	-	-	-	-	57,319
	Total				330,792	394,092	28,109	53,548	52,708	100,409	242,161
Simon Kelly	Grant in lieu of remuneration	2017	T1	2020	799,334	1,658,059	655,527	1,127,506	143,807	247,348	-
	LTI	2017	T1	2020	87,753	-	87,753	150,935	-	-	-
			T2	2021	87,753	21,762	87,753	150,935	-	-	-
			T3	2022	87,753	37,289	87,753	150,935	-	-	-
	Total				1,062,593	1,717,110	918,786	1,580,311	143,807	247,348	-
Richard Johnson	LTI	2013	T3	2018	65,789	47,579	29,801	56,771	35,988	68,557	-
		2014	T2	2018	33,804	52,751	33,804	64,397	-	-	-
			T3	2019	33,804	44,523	-	-	-	-	44,523
		2015	T1	2018	65,994	82,407	65,994	125,719	-	-	-
			T2	2019	65,994	73,867	-	-	-	-	73,867
			T3	2020	65,994	66,133	-	-	-	-	66,133
		2016	T1	2019	32,719	49,445	-	-	-	-	49,445
			T2	2020	32,719	45,247	-	-	-	-	45,247
			T3	2021	32,719	33,753	-	-	-	-	33,753
			T4	2020	49,080	105,493	-	-	-	-	105,493
	DSTI	2015	T2	2018	21,010	40,749	-	-	21,010	44,121	-
		2016	T1	2018	29,799	70,788	-	-	29,799	62,578	-
			T2	2019	29,799	67,334	-	-	29,799	62,578	-
	Total				559,224	780,069	129,599	246,887	116,596	237,834	418,461

11. Remuneration report (continued)

(g) Additional Statutory disclosures (continued)

(iv) Details of equity grant movements (continued)

		Year granted	Tranche	Financial years in which performance rights may vest		Value of Performance Rights at grant	Number lapsed	Value of Performance Rights at lapse	Number vested	Value of Performance Rights at vesting	Maximum value yet to vest
				Year	Number						
Nicole Noye	LTI	2015	T1	2018	17,857	22,298	17,857	34,018	-	-	-
			T2	2019	17,857	19,987	17,857	35,178	-	-	-
			T3	2020	17,857	17,894	17,857	35,178	-	-	-
		2016	T1	2019	16,733	25,287	16,733	32,964	-	-	-
			T2	2020	16,733	23,140	16,733	32,964	-	-	-
			T3	2021	16,733	17,262	16,733	32,964	-	-	-
			T4	2020	25,100	53,950	25,100	49,447	-	-	-
	DSTI	2015	T2	2018	28,930	56,110	-	-	28,930	55,112	-
		2016	T1	2018	28,709	68,198	-	-	28,709	54,691	-
			T2	2019	28,710	64,873	28,710	56,559	-	-	-
	Total				215,219	368,999	157,580	309,272	57,639	109,803	-
Charlie Keegan	LTI	2013	T3	2018	17,162	12,412	7,773	14,808	9,389	17,886	-
		2014	T2	2018	27,961	43,633	27,961	53,266	-	-	-
			T3	2019	27,961	36,827	-	-	-	-	36,827
		2015	T1	2018	62,055	77,488	62,055	118,215	-	-	-
			T2	2019	62,056	69,459	-	-	-	-	69,459
			T3	2020	62,056	62,186	62,056	107,357	-	-	-
		2016	T1	2019	41,710	63,032	-	-	-	-	63,032
			T2	2020	41,709	57,679	41,709	72,157	-	-	-
			T3	2021	41,709	43,027	41,709	72,157	-	-	-
			T4	2020	62,565	134,477	62,565	108,237	-	-	-
	DSTI	2015	T2	2018	59,144	114,710	-	-	59,144	112,669	-
		2016	T1	2018	42,724	101,491	-	-	42,724	81,389	-
			T2	2019	42,724	96,539	-	-	-	-	96,539
	Total				591,536	912,960	305,828	546,197	111,257	211,944	265,857
Total					3,004,954	4,496,882	1,539,902	2,736,215	482,007	907,338	1,250,131

(v) LTI performance rights

The number of performance rights on issue and granted to the Group's executive KMP under the LTIP is set out below:

26 June 2018	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Chris Morris	-	-	-	-	-	-	-
Darin Harper	-	107,032	-	-	107,032	-	107,032
Craig Davidson	141,871	110,846	-	(28,109)	224,608	-	224,608
Geoff Richardson	-	-	-	-	-	-	-
Simon Kelly	-	263,259	-	(263,259)	-	-	-
Richard Johnson	478,616	-	(35,988)	(129,599)	313,029	-	313,029
Nicole Noye	128,870	-	-	(128,870)	-	-	-
Charlie Keegan	446,944	-	(9,389)	(305,828)	131,727	-	131,727
Equity settled	1,196,301	481,137	(45,377)	(855,665)	776,396	-	776,396

11. Remuneration report (continued)

(g) Additional Statutory disclosures (continued)

(vi) DSTI rights

The number of rights on issue and granted to the Group's executive KMP under the DSTI is set out below:

26 June 2018	Opening balance	Granted as compensation	Exercised	Forfeited	Closing balance	Vested and exercisable	Unvested
Chris Morris	-	-	-	-	-	-	-
Darin Harper[(1)]	-	138,558	-	-	138,558	-	138,558
Craig Davidson	78,075	-	(52,708)	-	25,367	-	25,367
Geoff Richardson	-	-	-	-	-	-	-
Simon Kelly	-	-	-	-	-	-	-
Richard Johnson	80,608	-	(80,608)	-	-	-	-
Nicole Noye	86,349	-	(57,639)	(28,710)	-	-	-
Charlie Keegan	144,592	-	(101,868)	-	42,724	-	42,724
Equity settled	389,624	138,558	(292,823)	(28,710)	206,649	-	206,649

(1) DSTI rights were granted to Darin Harper prior to him becoming KMP on 4 June 2018.

(vii) Rights delivered to Simon Kelly as part of fixed remuneration

26 June 2018	*Opening balance*	*Granted as compensation*	*Exercised*	*Forfeited*	*Closing balance*	*Vested and exercisable*	*Unvested*
Simon Kelly	799,334	-	(143,807)	(655,527)	-	-	-

(viii) Loans and other transactions with KMP

There were no loans made to KMP during the financial year, as disclosed in Note 34(e) to the financial statements. Refer to Note 34(f) to the financial statements for details of other transactions with KMP during the financial year.

12. Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid to the auditor (Ernst & Young) and former auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are disclosed in Note 31 to the financial statements.

The Directors have considered the position and, in accordance with the recommendation received from the Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 31 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermines the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

13. 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 38.

14. Events occurring after reporting date

Subsequent to 26 June 2018, a distribution of 6.5 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $30.6 million will be paid on or before 31 August 2018 in respect of the half year ended 26 June 2018.

Roger Davis resigned as a Director of the Board on 17 August 2018.

Since the end of the financial year, the Directors of the Manager and ALL are not aware of any other matters or circumstances not otherwise dealt with in this report or the financial 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 years subsequent to the year ended 26 June 2018.

15. Likely developments and expected results of operations

The financial statements have been prepared on the basis of the current known market conditions. The extent to which any potential deterioration in either the capital or physical property markets may have on the future results of the Group is unknown. Such results could include the potential to influence property market valuations, the ability of borrowers, including the Group, to raise or refinance debt, and the cost of such debt and the ability to raise equity.

At the date of this report, and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Group which would have a material impact on the future results of the Group.

16. Indemnification and insurance of officers and auditor

Manager

No insurance premiums are paid for out of the assets of the Trust for insurance provided to either the officers of the Manager or the auditor of the Trust. So long as the officers of the Manager act in accordance with the Trust Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

ALL

Under ALL's Constitution, ALL indemnifies:

- All past and present officers of ALL, and persons concerned in or taking part in the management of ALL, against all liabilities incurred by them in their respective capacities in successfully defending proceedings against them; and
- All past and present officers of ALL against liabilities incurred by them, in their respective capacities as an officer of ALL, to other persons (other than ALL or its related parties), unless the liability arises out of conduct involving a lack of good faith.

During the reporting period, ALL had in place a policy of insurance covering the Directors and officers against liabilities arising as a result of work performed in their capacity as Directors and officers of ALL. Disclosure of the premiums paid for the insurance policy is prohibited under the terms of the insurance policy.

17. Fees paid to and interests held in the Trust by the Manager or its associates

The interests in the Trust held by the Manager or its related entities as at 26 June 2018 and fees paid to its related entities during the financial year are disclosed in Notes 32 and 34 to the financial statements.

18. Environmental regulations

During the financial year, the Group's major businesses were subject to environmental legislation in respect of its operating activities as set out below:

(a) Theme Parks – Australia

Dreamworld and WhiteWater World theme parks are subject to various legislative requirements in respect of environmental impacts of their operating activities. The Queensland Environmental Protection Act 1994 regulates all activities where a contaminant may be released into the environment and/or there is a potential for environmental harm or nuisance. In accordance with Schedule 1 of the Environmental Protection Regulation 1998, Dreamworld holds licences or approvals for the operation of a helipad, motor vehicle workshop and train-shed and the storage and use of flammable/combustible goods. During the year, Dreamworld and WhiteWater World complied with all requirements of the Act.

The environment committee meets on a bi-monthly basis to pursue environmental projects and improve environmental performance. An energy conservation program was rolled out throughout the organisation. A mobile phone recycling program continued to operate throughout the theme park with proceeds used to improve wildlife protection in parts of Africa where mobile phone components are sourced from. A range of existing recycling programs continue to operate effectively, including glass, plastic, waste metals, paper, waste oils and cardboard. A water efficiency management plan continues to operate effectively, with a net reduction of consumption over the past 10 years. Staff also carried out voluntary programs aimed at the humane treatment of pests, removal of noxious weeds and other sustainability initiatives. These initiatives were additionally integrated into existing staff training programs to further strengthen environmental culture within the organisation.

Dreamworld's noise conservation program ensures that noise emissions emanating from park activities do not contravene State regulations or adversely impact surrounding neighbours. Local government regulations for the staging of night time events and functions were complied with at all times.

Dreamworld's Life Sciences department is subject to the Quarantine Act 1908. In accordance with the Australian Quarantine Regulations, Dreamworld holds an approved post-arrival facilities licence and an approved zoo permit. In accordance with the Nature Conservation Act 1992 and the Nature Conservation Regulation 1994, Dreamworld holds a "Wildlife Exhibitors Licence" and in accordance with Land Protection (Pest and Stock Route Management) Regulation 2003, Dreamworld holds a "Declared Pest Permit". All licences and permits remain current and Dreamworld has complied fully with the requirements of each.

There are two water licences for the Dreamworld/WhiteWater World property. These relate to water conservation and irrigation. There have been no issues or events of non-compliance recorded by management or the regulatory authorities regarding water use.

18. Environmental regulations (continued)

(b) Marinas – Australia

During the prior period of ownership by the Group, Schedule 1 Environment Protection Licences were held for all five NSW marinas in the portfolio in accordance with the Protection of the Environment Operations Act 1997 (NSW). There were no specific environmental licence requirements in Victoria relating to the Pier 35 or Victoria Harbour marinas.

On 23 March 2018 the NSW Land and Environment Court Environment handed down judgment against Ardent Leisure Limited relating to the diesel spill that occurred at Rushcutters Bay marina in May 2016. Ardent Leisure Limited was fined a total of $155,950 (comprised of $135,000 in relation to a pollution offence and $22,950 in relation to an offence under the UPSS Regulations and ordered to pay the NSW Environment Protection Authority's investigation and legal costs. All such amounts have been paid and the matter was finalised during the current period.

(c) Bowling and Entertainment Centres – Australia

During the period of ownership by the Group, Australian Bowling and Entertainment Centres were subject to environmental regulations concerning their food facilities, primarily trade waste and grease traps. The Group had adequate management systems and the correct licence requirements in place concerning the disposal of such waste in accordance with each State or Territory's legislation. Cooking oil was replaced and disposed of by external organisations at all locations.

All hazardous substances were disposed of according to manufacturers' and EPA regulations. A register of all hazardous substances and dangerous goods was located at centre level.

Lane cleaning and maintenance products are largely water-based products, excluding approach cleaner, which is a solvent-based product. This product was disposed of in accordance with each State and Territory's EPA requirements.

Noise was adequately monitored for both internal and external environmental breaches. Noise emissions fell within acceptable levels for both residential and industrial areas and all EPA requirements. No complaints have been received since acquisition of the business.

(d) Bowling and Entertainment Centres – New Zealand

There were no specific requirements relating to the New Zealand centres that are not reflected in the above statement.

(e) US Entertainment Centres – United States of America

The US Entertainment Centres are subject to various Federal, State and local environmental requirements with respect to development of new centres in the United States of America. At a Federal level, the Environmental Protection Agency is responsible for setting national standards for a variety of environmental programs, and delegates to States the responsibility for issuing permits and for monitoring and enforcing compliance.

A prerequisite for any building permit for new centre construction is full compliance with all city and State planning and zoning ordinances. A building permit, depending on locality, may require soils reports, site line studies, storm water and irrigation regulation compliance, asbestos free reports, refuse and grease storage permits, health and food safety permits, and complete Occupational Safety and Health Administration (OSHA) Material Safety Data Sheets (MSDS) documentation.

With respect to operating activities at the US Entertainment Centres, the OSHA requires that MSDS be available to all employees for explaining potentially harmful chemical substances handled in the workplace under the hazard communication regulation. The MSDS is also required to be made available to local fire departments and local and State emergency planning officials under section 311 of the Emergency Planning and Community Right-to-Know Act.

At this time, there are no known issues of non-compliance with any environmental regulation at the US Entertainment Centres.

(f) Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. The Group continues to meet its obligations under this Act.

The National Greenhouse and Energy Reporting Act 2007 requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required. The Group submitted its 2016/2017 emissions report under the Act in October 2017.

The Group is not subject to any other significant environmental regulations and there are adequate systems in place to manage its environmental responsibilities.

Directors' report to stapled security holders

19. 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

Toni Korsanos
Director

Sydney
21 August 2018

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Auditor's Independence Declaration

As lead auditor for the audit of Ardent Leisure Group for the financial year ended 26 June 2018, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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 year.

Ernst & Young

John Robinson
Partner
21 August 2018

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Income Statements
for the year ended 26 June 2018

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Income					
Revenue from operating activities	3	422,393	370,384	422,393	370,384
Management fee income	32	-	-	1,200	1,200
Net gain from derivative financial instruments		881	-	692	-
Interest income		191	86	48	77
Distribution income		-	-	21	-
Other income		13,501	1,727	13,501	1,727
Total income		436,966	372,197	437,855	373,388
Expenses					
Purchases of finished goods		60,253	53,853	60,253	53,853
Salary and employee benefits		176,824	158,900	177,777	158,627
Borrowing costs	5	10,339	12,049	13,551	9,348
Property expenses		49,465	40,553	51,683	43,962
Depreciation and amortisation		43,033	34,704	37,142	27,705
Loss on disposal of assets		507	450	72	443
Loss on sale and leaseback of Main Event Centre		706	-	706	-
Advertising and promotions		20,004	20,029	20,004	20,029
Repairs and maintenance		25,661	21,348	25,661	21,348
Pre-opening expenses		5,900	12,646	5,900	12,646
Impairment of goodwill		3,583	783	3,583	783
Impairment of other intangible assets		1,188	-	1,188	-
Impairment of property, plant and equipment		39,287	-	38,287	-
Valuation loss - property, plant and equipment		75,031	88,747	-	-
Valuation loss - investments held at fair value		390	-	390	-
Dreamworld incident costs		10,435	7,048	10,435	6,701
Net loss from derivative financial instruments		-	421	-	-
Loss on disposal of damaged assets		9,224	-	9,224	-
Other expenses	4	53,472	39,128	52,768	38,664
Total expenses		585,302	490,659	508,624	394,109
Loss before tax benefit		(148,336)	(118,462)	(70,769)	(20,721)
Income tax benefit	6	(29,522)	(5,280)	(29,897)	(5,416)
Loss from continuing operations		(118,814)	(113,182)	(40,872)	(15,305)
Profit from discontinued operations	27(b)	28,124	50,625	25,272	18,369
(Loss)/profit for the year		(90,690)	(62,557)	(15,600)	3,064
Attributable to:					
Stapled security holders		(90,690)	(62,557)	(15,600)	3,064

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

	Note	Consolidated Group 2018	Consolidated Group 2017	ALL Group 2018	ALL Group 2017
Total basic (losses)/earnings per security/share (cents)	20	(19.32)	(13.37)	(3.32)	0.65
Basic losses per security/share (cents) from continuing operations	20	(25.31)	(24.19)	(8.71)	(3.28)
Total diluted (losses)/earnings per security/share (cents)	20	(19.33)	(13.39)	(3.34)	0.64
Diluted losses per security/share (cents) from continuing operations	20	(25.31)	(24.19)	(8.71)	(3.28)

Statements of Comprehensive Income for the year ended 26 June 2018

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
(Loss)/profit for the year		(90,690)	(62,557)	(15,600)	3,064
Other comprehensive income/(loss) for the year					
Items that may be reclassified to profit and loss:					
Cash flow hedges	23	835	3,154	(105)	1,549
Foreign exchange translation difference	23	13,520	(3,280)	6,711	(3,837)
Income tax benefit/(expense) relating to these items	23	68	(562)	68	(562)
Items that will not be reclassified to profit and loss:					
Loss on revaluation of property, plant and equipment	23	(722)	(1,215)	-	-
Other comprehensive income/(loss) for the year, net of tax		13,701	(1,903)	6,674	(2,850)
Total comprehensive (loss)/income for the year, net of tax		(76,989)	(64,460)	(8,926)	214
Attributable to:					
Stapled security holders		(76,989)	(64,460)	(8,926)	214
Total comprehensive (loss)/income for the year, net of tax		(76,989)	(64,460)	(8,926)	214
Total comprehensive (loss)/income for the year attributable to stapled security holders arises from:					
Continuing operations		(105,113)	(115,085)	(34,198)	(18,155)
Discontinued operations	27(b)	28,124	50,625	25,272	18,369
Total comprehensive (loss)/income for the year, net of tax		(76,989)	(64,460)	(8,926)	214

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

Balance Sheets
as at 26 June 2018

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current assets					
Cash and cash equivalents		16,548	10,842	14,175	9,352
Receivables	9	12,032	5,367	14,645	5,367
Derivative financial instruments	16	748	-	748	-
Inventories	10	8,180	13,256	8,180	13,256
Assets classified as held for sale	27(d)	-	120,721	-	3,244
Property classified as held for sale	13	-	13,840	-	13,840
Construction in progress inventories	14	24,239	56,756	24,239	56,756
Other	15	9,625	5,089	6,611	4,467
Total current assets		71,372	225,871	68,598	106,282
Non-current assets					
Property, plant and equipment	11	455,668	636,440	355,684	374,587
Investments held at fair value		2,811	3,201	2,811	3,201
Derivative financial instruments	16	-	272	-	196
Livestock		236	293	236	293
Intangible assets	12	70,275	96,587	70,275	96,587
Deferred tax assets	7	20,766	11,549	20,766	11,549
Total non-current assets		549,756	748,342	449,772	486,413
Total assets		621,128	974,213	518,370	592,695
Current liabilities					
Payables	17	101,717	102,960	101,993	96,371
Construction in progress deposits	14	22,397	50,050	22,397	50,050
Derivative financial instruments	16	-	1,005	-	-
Interest bearing liabilities	25	-	54,466	-	-
Current tax liabilities		318	602	318	602
Provisions	18(b)	1,695	2,973	1,695	2,973
Liabilities directly associated with assets classified as held for sale	27(d)	-	4,892	-	4,558
Other		3,264	2,675	3,264	2,675
Total current liabilities		129,391	219,623	129,667	157,229
Non-current liabilities					
Derivative financial instruments	16	28	316	-	29
Interest bearing liabilities	25	27,849	178,161	199,171	218,844
Provisions	18(b)	2,651	7,595	2,651	2,763
Deferred tax liabilities	7	17,091	36,796	17,091	36,796
Total non-current liabilities		47,619	222,868	218,913	258,432
Total liabilities		177,010	442,491	348,580	415,661
Net assets		444,118	531,722	169,790	177,034
Equity					
Contributed equity	21	666,731	662,450	172,124	170,699
Other equity	22	(1,405)	(1,662)	(1,405)	(1,662)
Reserves	23	(14,246)	(26,861)	12,859	6,185
(Accumulated losses)/retained profits	24	(206,962)	(102,205)	(13,788)	1,812
Total equity		444,118	531,722	169,790	177,034

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

Statements of Changes in Equity for the year ended 26 June 2018

	Note	Contributed equity $'000	Other equity $'000	Reserves $'000	(Accumulated losses) / retained profits $'000	Total equity $'000
Consolidated Group						
Total equity at 1 July 2016		649,720	-	(24,938)	(4,799)	619,983
Loss for the year		-	-	-	(62,557)	(62,557)
Other comprehensive loss for the year		-	-	(1,903)	-	(1,903)
Total comprehensive loss for the year		-	-	(1,903)	(62,557)	(64,460)
Transactions with owners in their capacity as owners:						
Security-based payments	23	-	-	(20)	-	(20)
Contributions of equity, net of issue costs	21	9,247	-	-	-	9,247
Security-based payments - securities/shares issued	21	3,483	-	-	-	3,483
Acquisition of treasury shares	22	-	(1,662)	-	-	(1,662)
Distributions paid and payable	24	-	-	-	(34,849)	(34,849)
Total equity at 30 June 2017		662,450	(1,662)	(26,861)	(102,205)	531,722
Loss for the year		-	-	-	(90,690)	(90,690)
Other comprehensive income for the year		-	-	13,701	-	13,701
Total comprehensive income/(loss) for the year		-	-	13,701	(90,690)	(76,989)
Transactions with owners in their capacity as owners:						
Security-based payments	23	-	-	(1,086)	-	(1,086)
Contributions of equity, net of issue costs	21	2,968	-	-	-	2,968
Security-based payments - securities/shares issued	21	1,313	-	-	-	1,313
Issuance of treasury shares	22	-	257	-	-	257
Distributions received from treasury shares	24	-	-	-	21	21
Distributions paid and payable	24	-	-	-	(14,088)	(14,088)
Total equity at 26 June 2018		666,731	(1,405)	(14,246)	(206,962)	444,118
ALL Group						
Total equity at 1 July 2016		167,100	-	9,035	(1,252)	174,883
Profit for the year		-	-	-	3,064	3,064
Other comprehensive loss for the year		-	-	(2,850)	-	(2,850)
Total comprehensive (loss)/income for the year		-	-	(2,850)	3,064	214
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	21	2,608	-	-	-	2,608
Security-based payments - shares issued	21	991	-	-	-	991
Acquisition of treasury shares	22	-	(1,662)	-	-	(1,662)
Total equity at 30 June 2017		170,699	(1,662)	6,185	1,812	177,034
Loss for the year		-	-	-	(15,600)	(15,600)
Other comprehensive income for the year		-	-	6,674	-	6,674
Total comprehensive income/(loss) for the year		-	-	6,674	(15,600)	(8,926)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	21	988	-	-	-	988
Security-based payments - shares issued	21	437	-	-	-	437
Issuance of treasury shares	22	-	257	-	-	257
Total equity at 26 June 2018		172,124	(1,405)	12,859	(13,788)	169,790

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

Statements of Cash Flows
for the year ended 26 June 2018

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Cash flows from operating activities					
Receipts from customers		589,706	647,442	591,026	648,762
Payments to suppliers and employees		(463,235)	(491,335)	(464,041)	(500,817)
Property expenses paid		(75,241)	(87,289)	(76,647)	(83,013)
Payments for construction in progress inventories		(11,352)	(58,670)	(11,352)	(58,670)
Early termination of interest rate swap		-	(72)	-	-
Interest received		191	86	48	77
Rent payments to the Trust		-	-	(40,282)	(66,641)
Deposits received for construction in progress		16,251	58,123	16,251	58,123
Receipts of funds for property costs from the Trust		-	-	24,352	38,291
US withholding tax paid		(344)	(137)	-	-
Insurance recoveries		2,107	1,052	2,107	1,052
Income tax (paid)/received		(1,001)	2,977	(1,001)	2,975
Net cash flows from operating activities	8(a)	57,082	72,177	40,461	40,139
Cash flows from investing activities					
Payments for property, plant and equipment and other intangible assets		(122,321)	(212,164)	(115,221)	(171,266)
Purchase of assets on behalf of the Trust		-	-	(7,018)	(40,668)
Receipt of funds for assets purchased on behalf of the Trust		-	-	10,355	40,579
Proceeds from sale of plant and equipment		429	384	54	199
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 Bowling & Entertainment, net of cash disposed		152,325	-	74,965	-
Proceeds from the sale of Marinas, net of cash disposed		123,080	-	20,411	-
Insurance recoveries relating to damaged assets		9,171	-	9,171	-
Payments for purchase of investments		-	(3,201)	-	(3,201)
Net cash flows from investing activities		175,267	44,347	5,300	28,173
Cash flows from financing activities					
Proceeds from borrowings		941,246	1,610,810	602,117	878,285
Repayments of borrowings		(1,146,209)	(1,687,010)	(737,221)	(864,464)
Borrowing costs		(10,376)	(11,439)	(13,963)	(10,030)
Costs of issue of stapled securities		(19)	(38)	(6)	(11)
Distributions received from treasury shares		21	-	21	-
Payments for securities acquired by Ardent Leisure Employee Share Trust		-	(1,662)	-	(1,662)
Proceeds from borrowings from the Trust		-	-	344,521	202,058
Repayments of borrowings to the Trust		-	-	(236,229)	(271,409)
Distributions paid to stapled security holders		(11,101)	(25,564)	-	-
Net cash flows from financing activities		(226,438)	(114,903)	(40,760)	(67,233)
Net increase in cash and cash equivalents		5,911	1,621	5,001	1,079
Cash and cash equivalents at the beginning of the year		10,846	9,072	9,356	8,393
Effect of exchange rate changes on cash and cash equivalents		(209)	153	(182)	(116)
Cash at the end of the year		16,548	10,846	14,175	9,356

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

Notes to the Financial Statements for the year ended 26 June 2018

1. Basis of preparation

Ardent Leisure Group (Group or Consolidated Group) is a 'stapled' entity comprising of 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).

With effect from the first half of FY18, Ardent's businesses (Theme Parks 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 being 1 July 2017 to Tuesday 26 June 2018 i.e. 360 days. Pro-forma results for the period from 1 July 2017 to 30 June 2018 have been provided in the Directors' Report to enable comparison with the prior corresponding period.

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 26 June 2018 are set out in Note 37. These policies have been consistently applied to the years presented, unless otherwise stated.

As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838, issued by the Australian Securities and Investments Commission (ASIC), this 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 (ALL Group).

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

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

These general purpose financial statements have been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

Ardent Leisure Group is a for-profit entity for the purposes of preparing financial statements.

Compliance with IFRS as issued by the IASB

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

New and amended standards adopted by the Group

The Group has applied the following new and amended standards for first time for the annual reporting period commencing 1 July 2017:

- 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 financial statements as a result of the new or amended accounting standards.

Historical cost convention

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

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 fair values described in Notes 37(f), 37(l), 37(o), 37(r), 37(aa), 37(ae) and 37(af) and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, 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 annual reporting period.

1. Basis of preparation (continued)

Deficiency of current assets

At 26 June 2018 the Group had a deficiency of current assets of $58.0 million, and the ALL Group had a deficiency of current assets of $61.1 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 external loans, resulting in deficiencies of current assets. The Group has $141.6 million of unused capacity (30 June 2017: $149.7 million) in its bank loans and the ALL Group has $104.7 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. Refer to Note 25(b).

2. Segment information

Business segments

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

(i) Main Event

This segment operates solely in the United States of America and comprises 41 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Indiana, Pennsylvania, Tennessee, Maryland and Delaware.

(ii) Theme Parks

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

(iii) Bowling and Entertainment

Up until the date of sale effective 30 April 2018, this segment comprised 43 bowling centres and seven amusement arcades located in Australia and one bowling centre located in New Zealand.

(iv) 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.

(v) Health Clubs

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

2. Segment information (continued)

Business segment

Consolidated Group - 1 July 2017 to 26 June 2018

	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Bowling & Entertainment $'000	Marinas $'000	Health Clubs $'000	Discontinued operations $'000	Total $'000
Segment revenue	355,571	66,822	-	422,393	122,408	2,653	-	125,061	547,454
Segment EBITDA	14,159	(93,795)	(15,519)	(95,155)	36,153	5,175	(133)	41,195	(53,960)
Depreciation and amortisation	(33,210)	(8,679)	(1,144)	(43,033)	(12,875)	-	-	(12,875)	(55,908)
Segment EBIT	(19,051)	(102,474)	(16,663)	(138,188)	23,278	5,175	(133)	28,320	(109,868)
Borrowing costs				(10,339)				(65)	(10,404)
Interest income				191				-	191
Net (loss)/profit before tax				(148,336)				28,255	(120,081)
Income tax benefit/(expense)				29,522				(131)	29,391
Net (loss)/profit after tax				(118,814)				28,124	(90,690)
The segment EBITDA above includes the following specific items:									
Valuation loss - property, plant and equipment and investments held at fair value	-	(75,031)	(390)	(75,421)	-	-	-	-	(75,421)
Impairment of intangible assets including goodwill	-	(3,583)	(1,188)	(4,771)	-	-	-	-	(4,771)
Impairment of property, plant and equipment	(38,287)	(1,000)	-	(39,287)	-	-	-	-	(39,287)
Pre-opening expenses	(5,900)	-	-	(5,900)	(571)	-	-	(571)	(6,471)
Dreamworld incident costs, net of insurance recoveries	-	(6,158)	-	(6,158)	-	-	-	-	(6,158)
Restructuring and other non-recurring items	(7,405)	-	(1,849)	(9,254)	-	-	-	-	(9,254)
Gain on sale of discontinued operations	-	-	-	-	20,319	4,668	-	24,987	24,987
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	-	(133)	(133)	(133)
Loss on disposal of assets and sale and leaseback of Main Event Centre	(654)	(493)	(66)	(1,213)	(892)	(29)	-	(921)	(2,134)
	(52,246)	(86,265)	(3,493)	(142,004)	18,856	4,639	(133)	23,362	(118,642)
The income tax benefit above includes the following specific item:									
Restatement of deferred tax balances to reflect US tax reforms	12,230	-	-	12,230	-	-	-	-	12,230
Tax impact of specific items listed above	14,629	1,865	1,048	17,542	410	89	-	499	18,041
	26,859	1,865	1,048	29,772	410	89	-	499	30,271
Total assets	462,120	124,722	34,248	621,090	38	-	-	38	621,128
Acquisitions of property, plant and equipment and intangible assets	83,990	12,776	1,128	97,894	19,922	-	-	19,922	117,816

2. Segment information (continued)

Business segment

Consolidated Group - 1 July 2016 to 30 June 2017

	Main Event	Theme Parks	Corporate	Continuing operations	Bowling & Entertainment	Marinas	Health Clubs	Discontinued operations	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	299,450	70,934	-	370,384	127,664	24,131	62,677	214,472	584,856
Segment EBITDA	45,812	(98,432)	(19,175)	(71,795)	10,730	8,979	53,260	72,969	1,174
Depreciation and amortisation	(24,559)	(8,915)	(1,230)	(34,704)	(14,190)	-	(6,064)	(20,254)	(54,958)
Segment EBIT	21,253	(107,347)	(20,405)	(106,499)	(3,460)	8,979	47,196	52,715	(53,784)
Borrowing costs				(12,049)				(142)	(12,191)
Interest income				86				-	86
Net (loss)/profit before tax				(118,462)				52,573	(65,889)
Income tax benefit/(expense)				5,280				(1,948)	3,332
Net (loss)/profit after tax				(113,182)				50,625	(62,557)
The segment EBITDA above includes the following specific items:									
Valuation loss - property, plant and equipment	-	(88,747)	-	(88,747)	-	-	-	-	(88,747)
Impairment of goodwill	-	(783)	-	(783)	-	-	-	-	(783)
Impairment of property, plant and equipment	-	-	-	-	(255)	-	110	(145)	(145)
Pre-opening expenses	(12,646)	-	-	(12,646)	(1,242)	-	-	(1,242)	(13,888)
Restructuring and other non-recurring items	(1,400)	-	(2,739)	(4,139)	-	-	-	-	(4,139)
Dreamworld incident costs, net of insurance recoveries	-	(5,389)	-	(5,389)	-	-	-	-	(5,389)
Gain on sale of discontinued operations	-	-	-	-	-	-	45,009	45,009	45,009
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	(796)	-	(796)	(796)
Loss on disposal of assets	(362)	(105)	17	(450)	(2,702)	(45)	(601)	(3,348)	(3,798)
	(14,408)	(95,024)	(2,722)	(112,154)	(4,199)	(841)	44,518	39,478	(72,676)
The income tax benefit above includes the following specific item:									
Tax impact of specific items listed above	4,899	1,542	731	7,172	478	(2)	(116)	360	7,532
Total assets	473,695	203,349	19,168	696,212	156,725	121,276	-	278,001	974,213
Acquisitions of property, plant and equipment and intangible assets	158,892	17,360	604	176,856	33,946	8,033	3,039	45,018	221,874

2. Segment information (continued)

Business segment

ALL Group - 1 July 2017 to 26 June 2018

	Main Event	Theme Parks	Corporate	Continuing operations	Bowling & Entertainment	Marinas	Health Clubs	Discontinued operations	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	355,571	66,822	-	422,393	122,408	2,653	-	125,061	547,454
Segment EBITDA	13,467	(19,547)	(14,044)	(20,124)	12,579	20,108	(119)	32,568	12,444
Depreciation and amortisation	(33,210)	(2,788)	(1,144)	(37,142)	(7,359)	-	-	(7,359)	(44,501)
Segment EBIT	(19,743)	(22,335)	(15,188)	(57,266)	5,220	20,108	(119)	25,209	(32,057)
Borrowing costs				(13,551)				(138)	(13,689)
Interest income				48				-	48
Net (loss)/profit before tax				(70,769)				25,071	(45,698)
Income tax benefit				29,897				201	30,098
Net (loss)/profit after tax				(40,872)				25,272	(15,600)
The segment EBITDA above includes the following specific items:									
Valuation loss - property, plant and equipment and investments held at fair value	-	-	(390)	(390)	-	-	-	-	(390)
Impairment of intangible assets including goodwill	-	(3,583)	(1,188)	(4,771)	-	-	-	-	(4,771)
Impairment of property, plant and equipment	(38,287)	-	-	(38,287)	-	-	-	-	(38,287)
Pre-opening expenses	(5,900)	-	-	(5,900)	(571)	-	-	(571)	(6,471)
Dreamworld incident costs, net of insurance recoveries	-	(6,158)	-	(6,158)	-	-	-	-	(6,158)
Restructuring and other non-recurring items	(7,405)	-	(1,849)	(9,254)	-	-	-	-	(9,254)
Gain on sale of discontinued operations	-	-	-	-	6,772	20,027	-	26,799	26,799
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	-	(120)	(120)	(120)
Loss on disposal of assets and sale and leaseback of Main Event Centre	(654)	(58)	(66)	(778)	(351)	-	-	(351)	(1,129)
	(52,246)	(9,799)	(3,493)	(65,538)	5,850	20,027	(120)	25,757	(39,781)
The income tax benefit above includes the following specific items:									
Restatement of deferred tax balances to reflect US tax reforms	12,230	-	-	12,230	-	-	-	-	12,230
Tax impact of specific items listed above	14,629	1,865	1,048	17,542	410	89	-	499	18,041
	28,859	1,865	1,048	29,772	410	89	-	499	30,271
Total assets	462,032	27,724	28,538	518,294	76	-	-	76	518,370
Acquisitions of property, plant and equipment and intangible assets	83,990	6,537	1,128	91,655	18,734	-	-	18,734	110,389

2. Segment information (continued)

Business segment

ALL Group - 1 July 2016 to 30 June 2017

	Main Event	Theme Parks	Corporate	Continuing operations	Bowling & Entertainment	Marinas	Health Clubs	Discontinued operations	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	299,450	70,934	-	370,384	127,664	24,131	62,677	214,472	584,856
Segment EBITDA	45,812	(12,653)	(16,904)	16,255	4,930	3	25,183	30,116	46,371
Depreciation and amortisation	(24,559)	(1,916)	(1,230)	(27,705)	(4,941)	-	(3,728)	(8,669)	(36,374)
Segment EBIT	21,253	(14,569)	(18,134)	(11,450)	(11)	3	21,455	21,447	9,997
Borrowing costs				(9,348)				(854)	(10,202)
Interest income				77				-	77
Net (loss)/profit before tax				(20,721)				20,593	(128)
Income tax benefit/(expense)				5,416				(2,224)	3,192
Net (loss)/profit after tax				(15,305)				18,369	3,064
The segment EBITDA above includes the following specific items:									
Impairment of goodwill	-	(783)	-	(783)	-	-	-	-	(783)
Pre-opening expenses	(12,646)	-	-	(12,646)	(1,242)	-	-	(1,242)	(13,888)
Restructuring and other non-recurring items	(1,400)	-	(2,739)	(4,139)	-	-	117	117	(4,022)
Dreamworld incident costs, net of insurance recoveries	-	(5,042)	-	(5,042)	-	-	-	-	(5,042)
Gain on sale of discontinued operations	-	-	-	-	-	-	18,340	18,340	18,340
Selling costs associated with discontinued operation classified as held for sale	-	-	-	-	-	(944)	-	(944)	(944)
Loss on disposal of assets	(362)	(98)	17	(443)	(346)	7	-	(339)	(782)
	(14,408)	(5,923)	(2,722)	(22,270)	(1,588)	(937)	18,457	15,932	(6,338)
The income tax benefit/(expense) above includes the following specific item:									
Tax impact of specific items listed above	4,899	80	2,383	7,362	478	(2)	(116)	360	7,721
Total assets	473,771	26,154	17,536	517,461	71,435	3,799	-	75,234	592,695
Acquisition of property, plant and equipment and intangible assets	158,892	4,771	604	164,267	26,809	605	2,194	29,608	193,875

3. Revenue from operating activities

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Revenue from services	268,068	231,577	268,068	231,577
Revenue from sale of goods	154,325	138,807	154,325	138,807
Revenue from operating activities	422,393	370,384	422,393	370,384

4. Other expenses

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Audit fees	708	823	526	597
Consulting fees	6,834	3,944	6,834	3,944
Consumables	2,093	2,495	2,093	2,495
Electricity	11,177	9,029	11,177	9,029
Insurance	5,771	3,156	5,771	3,156
Legal fees	1,064	989	1,064	989
Merchant fees	6,431	5,512	6,431	5,512
Printing, stationery and postage	1,877	1,741	1,877	1,741
Taxation fees	626	341	547	244
Telecommunications	3,373	2,807	3,373	2,807
Travel costs	3,564	3,273	3,564	3,273
Other administrative costs	4,204	3,529	4,096	3,414
Other	5,750	1,489	5,415	1,463
	53,472	39,128	52,768	38,664

5. Borrowing costs

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Borrowing costs paid or payable	10,747	12,787	13,922	9,839
Less: capitalised borrowing costs	(408)	(738)	(371)	(491)
Borrowing costs expensed	10,339	12,049	13,551	9,348

6. Income tax benefit

(a) Income tax benefit

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current tax		1,145	802	438	666
Deferred tax		(31,228)	(4,261)	(31,228)	(4,261)
Under/(over) provided in prior year		692	127	692	403
		(29,391)	(3,332)	(30,098)	(3,192)
Income tax benefit is attributable to:					
Loss from continuing operations		(29,522)	(5,280)	(29,897)	(5,416)
Profit/(loss) from discontinued operations		131	1,948	(201)	2,224
		(29,391)	(3,332)	(30,098)	(3,192)
Deferred income tax (benefit)/expense included in income tax expense comprises:					
Increase in deferred tax assets	7	(11,001)	(23,651)	(11,001)	(23,651)
(Decrease)/increase in deferred tax liabilities	7	(20,227)	19,390	(20,227)	19,390
		(31,228)	(4,261)	(31,228)	(4,261)

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

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Loss from continuing operations before income tax benefit	(148,336)	(118,462)	(70,769)	(20,721)
Profit from discontinued operations before income tax expense	28,255	52,573	25,071	20,593
	(120,081)	(65,889)	(45,698)	(128)
Less: Loss/(profit) from the trusts[(1)]	69,223	71,113	-	-
Prima facie (loss)/profit	(50,858)	5,224	(45,698)	(128)
Tax at the Australian tax rate of 30% (2017: 30%)	(15,257)	1,567	(13,709)	(38)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:				
Impairment of goodwill	1,075	235	1,075	235
Entertainment	236	134	236	134
Non-deductible depreciation and amortisation	2,008	2,731	-	-
Non-deductible interest due to thin capitalisation	719	-	719	-
Sundry items	959	(210)	801	(286)
Employee security-based payments	(155)	270	131	270
Business acquisition costs	(382)	-	(382)	-
Gain on disposal of businesses	(7,424)	(9,923)	(7,424)	(5,511)
Selling costs associated with discontinued operation classified as held for sale	-	240	-	240
Deferred tax benefit arising from US tax reforms	(12,230)	-	(12,230)	-
Foreign exchange conversion differences	265	45	265	45
US State taxes	(348)	878	(348)	878
Withholding tax	375	136	-	-
Research and development and other credits	(514)	(338)	(514)	(338)
Difference in overseas tax rates	590	776	590	776
Under provided in prior year	692	127	692	403
Income tax benefit	(29,391)	(3,332)	(30,098)	(3,192)

(1) Profits relating to the trusts are largely distributed to unit holders via distributions and are subject to tax upon receipt of this distribution income by the unit holders.

6. Income tax benefit (continued)

(c) Income tax (benefit)/expense relating to items of other comprehensive income

		Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Unrealised gain/(loss) on derivative financial instruments recognised in the cash flow hedge reserve	7, 23	(68)	562	(68)	562
		(68)	562	(68)	562

(d) Unrecognised temporary differences

There were no unrecognised temporary differences as at 26 June 2018 (2017: nil).

(e) Tax consolidation legislation

ALL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 8 February 2005. The accounting policy in relation to this legislation is set out in Note 37(s).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, ALL.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate ALL for any current tax payable assumed and are compensated by ALL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to ALL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are payable upon demand by the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are netted off in the non-current intercompany payables.

7. Deferred tax assets and liabilities

(a) Deferred tax assets

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Doubtful debts	14	42	14	42
Employee benefits	4,014	5,415	4,014	5,415
Provisions and accruals	2,045	1,613	2,045	1,613
Inventory diminution	93	100	93	100
Deferred income	963	124	963	124
Unrealised foreign exchange losses	-	15	-	15
Lease incentives	7,130	8,718	7,130	8,718
Tax losses	30,048	18,231	30,048	18,231
Other	22	17	22	17
Deferred tax assets	44,329	34,275	44,329	34,275
Set-off of deferred tax balances pursuant to set-off provisions				
Australia	(1,356)	(1,146)	(1,356)	(1,146)
United States	(22,207)	(21,580)	(22,207)	(21,580)
Net deferred tax assets	20,766	11,549	20,766	11,549
Movements				
Balance at the beginning of the year	34,275	16,224	34,275	16,224
Foreign exchange differences	802	(248)	802	(248)
Credited to the Income Statement (refer to Note 6)	11,001	23,651	11,001	23,651
Reclassified as assets held for sale (refer to Note 27(d))	-	-	-	-
(Debited)/credited to cash flow hedge reserve (refer to Note 23)	-	(562)	-	(562)
Disposal of businesses	(1,749)	(4,790)	(1,749)	(4,790)
Balance at the end of the year	44,329	34,275	44,329	34,275
Deferred tax assets to be recovered within 12 months	6,635	6,733	6,635	6,733
Deferred tax assets to be recovered after more than 12 months	37,694	27,542	37,694	27,542
	44,329	34,275	44,329	34,275

(b) Tax losses

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Unused tax losses for which no deferred tax asset has been recognised	9,261	32,952	9,261	32,952
Potential tax benefit at 30%	2,778	9,886	2,778	9,886

The unused capital tax losses were realised on sale of the Health Clubs business in October 2016 and can only be used to offset capital gains occurring in the future. During the current year, these capital losses were partially utilised to offset capital gains occurring on disposal of the Marinas and Bowling & Entertainment businesses. See Note 37(s) for information about recognised tax losses.

7. Deferred tax assets and liabilities (continued)

(c) Deferred tax liabilities

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Prepayments	458	530	458	530
Accrued revenue	2,093	143	2,093	143
Depreciation of property, plant and equipment	38,103	58,849	38,103	58,849
Deferred tax liabilities	40,654	59,522	40,654	59,522
Set-off deferred tax balances pursuant to set-off provisions				
Australia	(1,356)	(1,146)	(1,356)	(1,146)
United States	(22,207)	(21,580)	(22,207)	(21,580)
Net deferred tax liabilities	17,091	36,796	17,091	36,796
Movements				
Balance at the beginning of the year	59,522	43,765	59,522	43,765
Foreign exchange differences	2,175	(1,408)	2,175	(1,408)
Charged to the Income Statement (refer to Note 6)	(20,227)	19,390	(20,227)	19,390
Disposal of businesses	(816)	(2,225)	(816)	(2,225)
Balance at the end of the year	40,654	59,522	40,654	59,522
Deferred tax liabilities to be settled within 12 months	2,550	633	2,550	633
Deferred tax liabilities to be settled after more than 12 months	38,104	58,889	38,104	58,889
	40,654	59,522	40,654	59,522

8. Cash flow information

(a) Reconciliation of (loss)/profit to net cash flows from operating activities

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
(Loss)/profit for the year	(90,690)	(62,557)	(15,600)	3,064
Non-cash items				
Depreciation of property, plant and equipment	52,546	51,324	41,138	33,648
Amortisation	3,363	3,633	3,363	3,633
Impairment of goodwill	3,583	783	3,583	783
Impairment of other intangibles	1,188	-	1,188	-
Impairment/(reversal) of property, plant and equipment	39,287	145	38,287	(117)
Security-based payments	228	3,511	1,180	3,421
Write-off of doubtful debts	424	438	424	438
Inventory provision (decrease)/increase	(2)	96	(2)	96
Increase/(decrease) in onerous lease provisions	-	492	-	(206)
Loss on sale of property, plant and equipment	1,427	3,328	422	1,083
Loss on closure of Bowling and Entertainment Centres	-	470	-	4
Valuation losses on property, plant and equipment	75,031	88,747	-	-
Write-off of New Zealand tax losses	332	-	-	-
Valuation losses on investment held at fair value	390	-	390	-
Classified as financing activities				
Borrowing costs	10,404	12,191	13,689	10,204
Classified as investing activities				
Unrealised net (gain)/loss on derivative financial instruments	(881)	349	(692)	-
Gain on the sale of Bowling and Entertainment before selling costs	(25,268)	-	(11,563)	-
Gain on the sale of Marinas before selling costs	(6,434)	-	(20,440)	-
Gain on the sale of Health Clubs before selling costs	-	(51,230)	-	(23,776)
Loss on sale and leaseback of US Entertainment Centres	706	-	706	-
Dividend income	-	-	(21)	-
Changes in asset and liabilities:				
(Increase)/decrease in assets:				
Receivables	(10,931)	2,972	(13,544)	2,972
Inventories	1,019	(1,905)	1,019	(1,905)
Deferred tax assets	(10,929)	(8,068)	(10,929)	(8,068)
Construction in progress inventories	33,216	5,315	33,216	5,315
Other assets	(2,413)	1,171	(2,460)	1,168
Increase/(decrease) in liabilities:				
Payables and other liabilities	29,823	22,347	22,089	7,988
Provisions	219	(702)	48	538
Payable to the Trust	-	-	3,526	551
Construction in progress deposits	(28,317)	(5,862)	(28,317)	(5,862)
Current tax liabilities	(528)	451	(528)	429
Deferred tax liabilities	(19,711)	4,738	(19,711)	4,738
Net cash flows from operating activities	57,082	72,177	40,461	40,139

(b) Non-cash financing and investing activities

		Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
The following item is not reflected in the Statements of Cash Flows:					
Distributions by the Group satisfied during the year by the issue of stapled securities under the DRP	18(a)	2,987	9,285	994	2,619

9. Receivables

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Trade receivables	12,080	5,461	12,080	5,461
Receivable from the Trust	-	-	2,613	-
Provision for doubtful debts	(48)	(94)	(48)	(94)
	12,032	5,367	14,645	5,367

The Group has recognised an expense of $424,425 in respect of bad and doubtful trade receivables during the year ended 26 June 2018 (30 June 2017: $437,797). The expense has been included in other expenses in the Income Statement.

Refer to Note 28(e) for information on the Group's management of, and exposure to, credit risk.

10. Inventories

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Goods held for resale	8,294	13,372	8,294	13,372
Provision for diminution	(114)	(116)	(114)	(116)
	8,180	13,256	8,180	13,256

There was no expense relating to the write-downs of inventories during the year ended 26 June 2018 (30 June 2017: $0.1 million).

11. Property, plant and equipment

Segment	Note	Cost less accumulated depreciation & impairments 2018 $'000	Cumulative revaluation (decrements) /increments 2018 $'000	Consolidated book value 2018 $'000	Cost less accumulated depreciation 2017 $'000	Cumulative revaluation (decrements)/ increments 2017 $'000	Consolidated book value 2017 $'000
Theme Parks	(1) (2) (3)	226,318	(112,674)	113,644	223,361	(36,922)	186,439
Bowling and Entertainment		-	-	-	119,712	1,191	120,903
Main Event		339,918	-	339,918	327,445	-	327,445
Other		2,106	-	2,106	1,653	-	1,653
Total		568,342	(112,674)	455,668	672,171	(35,731)	636,440

(1) The book value of Dreamworld and WhiteWater World land and buildings and major rides and attractions (including intangible assets of $0.8 million (30 June 2017: $1.2 million) and livestock of $0.2 million (30 June 2017: $0.3 million) is $78.5 million (30 June 2017: $151.8 million). Having regard to independent advice at 26 June 2018 by Jones Lang LaSalle, the fair value of these assets was assessed to be $79.5 million (30 June 2017: $146.0 - $154.0 million). After applying a $1.0 million impairment, the Directors have assessed fair value of those assets to be $78.5 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 $Nil (30 June 2017: $3.6 million) is $32.3 million (30 June 2017: $36.0 million). In an independent valuation performed at 26 June 2018 by Jones Lang LaSalle, the fair value for SkyPoint was assessed to be $32.0 million. The Directors have assessed the fair value of SkyPoint at 26 June 2018 to be $32.3 million.

11. Property, plant and equipment (continued)

Refer to Note 29(b) for information on the valuation techniques used to derive the fair value of the Australian Theme Parks.

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

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated Group - 2018						
Carrying amount at the beginning of the year	283,107	64,108	279,664	9,210	351	636,440
Additions	64,734	3,074	41,278	2,911	55	112,052
Disposal relating to the sale of Bowling and Entertainment	(51,908)	-	(69,447)	(5,816)	-	(127,171)
Disposals	(2,851)	(551)	(7,489)	(132)	(10)	(11,033)
Depreciation	(10,059)	(1,019)	(39,342)	(2,044)	(55)	(52,519)
Foreign exchange movements	7,338	-	5,602	(1)	-	12,939
Revaluation decrements	(75,753)	-	-	-	-	(75,753)
Impairment	(31,364)	-	(7,923)	-	-	(39,287)
Carrying amount at the end of the year	183,244	65,612	202,343	4,128	341	455,668

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated Group - 2017						
Carrying amount at the beginning of the year	348,200	65,066	256,987	13,216	290	683,759
Additions	96,858	1,400	90,216	2,487	150	191,111
Disposal relating to the sale of Health Clubs	(54,268)	-	(24,052)	(3,790)	(21)	(82,131)
Reclassification of asset categories	(491)	(79)	570	-	-	-
Transfer to intangible assets	(400)	-	-	-	-	(400)
Disposals	(1,470)	(890)	(1,670)	(130)	(17)	(4,177)
Depreciation	(11,753)	(1,389)	(35,535)	(2,571)	(51)	(51,299)
Foreign exchange movements	(3,462)	-	(6,852)	(2)	-	(10,316)
Revaluation decrements	(89,962)	-	-	-	-	(89,962)
Impairment	(145)	-	-	-	-	(145)
Carrying amount at the end of the year	283,107	64,108	279,664	9,210	351	636,440

	Land and buildings $'000	Plant and equipment $'000	Total $'000
ALL Group - 2018			
Carrying amount at the beginning of the year	139,208	235,379	374,587
Additions	63,407	41,218	104,625
Disposal relating to the sale of Bowling and Entertainment	(12,326)	(35,098)	(47,424)
Disposals	(2,784)	(6,886)	(9,670)
Depreciation	(3,279)	(37,832)	(41,111)
Foreign exchange movements	7,346	5,618	12,964
Impairment	(30,364)	(7,923)	(38,287)
Carrying amount at the end of the year	161,208	194,476	355,684

11. Property, plant and equipment (continued)

	Land and buildings $'000	Plant and equipment $'000	Total $'000
ALL Group - 2017			
Carrying amount at the beginning of the year	88,962	198,099	287,061
Additions	67,342	103,598	170,940
Disposal relating to the sale of Health Clubs	(10,526)	(27,544)	(38,070)
Transfer to intangible assets	(400)	-	(400)
Disposals	(251)	(932)	(1,183)
Depreciation	(2,600)	(31,023)	(33,623)
Foreign exchange movements	(3,436)	(6,819)	(10,255)
Reversal of impairment	117	-	117
Carrying amount at the end of the year	139,208	235,379	374,587

(a) 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.

The impact of the incident, subsequent closure of the parks and progressive reopening of rides, has negatively impacted attendance and revenues in the current and prior years and recovery has been slower than expected. As a result, in the current year, the Group has recognised a revaluation decrement to the property, plant and equipment of Dreamworld and WhiteWater World of $75.0 million and a further impairment provision of $1.0 million.

At 26 June 2018, 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 June 2018, 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:

	June 2018	June 2017
Capitalisation rate	11.50%	12.25%
Discount rate	14.00% - 14.50%	14.75% - 15.25%
Terminal yield	11.50% - 12.00%	12.25% - 12.75%
Year 1-3 Average Annual EBITDA ($'000)	9,083	19,055
Year 1-3 Average Annual Capital Expenditure ($'000)	13,237	8,089

In addition, the valuer has assumed a gradual recovery of attendances to FY16 (pre-incident) levels over the next eight years, with FY19 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.

11. Property, plant and equipment (continued)

(a) Theme Parks valuation (continued)

Following the revaluation decrement and impairment write down noted above, the carrying value of the parks is $78.5 million.

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 (%)	Attendance levels
Fair value measurement sensitivity to 0.5% increase in rate	- $4.1 million	- $3.8 million	- $2.1 million	N/A
Fair value measurement sensitivity to 0.5% decrease in rate	+ $4.5 million	+ $4.0 million	+ $2.3 million	N/A
Fair value measurement sensitivity to 10.0% increase in assumed attendance levels	N/A	N/A	N/A	+ $41.9 million
Fair value measurement sensitivity to 10.0% decrease in assumed attendance levels	N/A	N/A	N/A	- $18.5 million[(1)]

(1) A 10% decrease in attendance levels would result in the fair value declining to the stand alone land valuation of $60.0 million.

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.

12. Intangible assets

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Other intangible assets at cost	20,950	21,364	20,950	19,936
Accumulated amortisation and impairment	(7,116)	(7,748)	(7,116)	(6,320)
	13,834	13,616	13,834	13,616
Goodwill at cost	69,321	95,452	69,321	95,452
Accumulated impairment	(12,880)	(12,481)	(12,880)	(12,481)
	56,441	82,971	56,441	82,971
Total intangible assets	70,275	96,587	70,275	96,587

12. Intangible assets (continued)

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Other intangible assets				
Opening net book amount	13,616	10,179	13,616	10,179
Additions	5,764	8,530	5,764	8,530
Transfer from property, plant and equipment	-	400	-	400
Disposals	(1,391)	(2,640)	(1,391)	(2,640)
Impairment	(1,188)	-	(1,188)	-
Amortisation	(3,363)	(2,724)	(3,363)	(2,724)
Foreign exchange movements	396	(129)	396	(129)
Closing net book amount	13,834	13,616	13,834	13,616
Goodwill				
Opening net book amount	82,971	228,033	82,971	228,033
Disposals	(24,787)	(142,432)	(24,787)	(142,432)
Impairment	(3,583)	(783)	(3,583)	(783)
Foreign exchange movements	1,840	(1,847)	1,840	(1,847)
Closing net book amount	56,441	82,971	56,441	82,971
Total intangible assets	70,275	96,587	70,275	96,587

(a) Other intangible assets

Other intangible assets represent registered trademarks associated with Dreamworld operations, intellectual property associated with liquor licences held by the bowling centres and software used by the Group.

(b) Goodwill

Goodwill represents goodwill acquired by the Group as part of various acquisitions. The movement in goodwill at cost in the year is due to the disposal of the Bowling and Entertainment business (refer to Note 27), an impairment of goodwill in the Theme Parks business and the movement in the USD:AUD foreign exchange rate.

Goodwill is monitored by management at the operating segment level. Management reviews the business performance based on geography and type of business as disclosed in Note 2.

A segment level summary of the goodwill allocation is presented below:

Consolidated Group and ALL Group

2018	New Zealand $'000	Australia $'000	United States $'000	Total $'000
Main Event	-	-	56,441	56,441
	-	-	56,441	56,441

2017	New Zealand $'000	Australia $'000	United States $'000	Total $'000
Theme Parks	-	3,583	-	3,583
Bowling and Entertainment	3,734	21,127	-	24,861
Main Event	-	-	54,527	54,527
	3,734	24,710	54,527	82,971

12. Intangible assets (continued)

(b) Goodwill (continued)

(i) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation.

Key assumptions used for value in use calculations

The table below shows the key assumptions used in the value in use calculations to test for impairment in the business segments to which a significant amount of goodwill was allocated:

	Budget/forecast EBITDA period growth rate		Long term EBITDA growth rate[1]		Post-tax discount rate[2]	
	2018	2017	2018	2017	2018	2017
	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Main Event	2.00	3.00	2.00	3.00	7.50	6.89

(1) Average growth rate used to extrapolate cash flows beyond the budget/forecast period.
(2) In performing the value in use calculation, the Group has applied a post-tax discount rate to discount the forecast future attributable post-tax cash flows. The pre-tax discount rate is 7.68% (2017: 8.69%) for US Entertainment Centres.

The period over which management has projected the CGU cash flows is 5 years. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are post-tax and reflect specific risks relating to the country in which it operates.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the 2019-2023 financial year budgets/forecasts. Cash flows beyond the budget period are extrapolated using the growth rates stated above. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Sensitivity to changes in assumptions

Management recognises that the calculation of recoverable amount can vary based on the assumptions used to project or discount cash flows and those changes to key assumptions can result in recoverable amounts falling below carrying amounts.

In relation to the CGUs above, the recoverable amounts of US Entertainment Centres are in excess of their carrying amounts.

The Directors consider that the growth rates are reasonable, and do not consider a change in any of the key assumptions would cause the CGUs' carrying amount to exceed their recoverable amount to be reasonably possible.

13. Property classified as held for sale

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
US Entertainment Centre	-	13,840	-	13,840
	-	13,840	-	13,840

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Opening balance	13,840	-	13,840	-
Additions	-	14,200	-	14,200
Foreign exchange movements	(551)	(360)	(551)	(360)
Disposals	(13,289)	-	(13,289)	-
Closing balance	-	13,840	-	13,840

The property classified as held for sale relates to a US Entertainment Centre at Pittsburgh, which was disposed in the year under a sale and leaseback arrangement. Completion of the sale occurred on 26 July 2017.

14. 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 June 2018, the Group had agreements for construction of three 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 June 2018, construction on two 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 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Construction in progress inventories				
Carrying amount at the beginning of the period	56,756	61,796	56,756	61,796
Additions	11,352	58,670	11,352	58,670
Disposals	(44,568)	(63,985)	(44,568)	(63,985)
Foreign exchange movements	699	275	699	275
Carrying amount at the end of the period	24,239	56,756	24,239	56,756

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 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Construction in progress deposits				
Carrying amount at the beginning of the period	50,050	55,494	50,050	55,494
Deposits received	16,251	58,123	16,251	58,123
Settlements of deposits received	(44,568)	(63,985)	(44,568)	(63,985)
Foreign exchange movements	664	418	664	418
Carrying amount at the end of the period	22,397	50,050	22,397	50,050

15. Other assets

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Prepayments	6,707	4,404	3,693	3,782
Accrued revenue	2,918	685	2,918	685
	9,625	5,089	6,611	4,467

16. Derivative financial instruments

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current assets				
Interest rate swaps	748	-	748	-
	748	-	748	-
Non-current assets				
Interest rate swaps	-	272	-	196
	-	272	-	196
Current liabilities				
Forward foreign exchange contracts	-	41	-	-
Interest rate swaps	-	964	-	-
	-	1,005	-	-
Non-current liabilities				
Interest rate swaps	28	316	-	29
	28	316	-	29

(a) 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$0.4 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.

(b) Interest rate swaps

The Group has entered into interest rate swap agreements totalling $8.0 million (30 June 2017: $70.0 million) and US$48.0 million (A$64.7 million) ((30 June 2017: US$55.0 million (A$70.0 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 interest rate swap agreements do not qualify for hedge accounting. Accordingly, changes in fair value of these swaps are recorded in the Income Statement. Previous amounts accumulated in equity relating to contracts deemed to have been effective hedges in prior periods have been recycled in the Income Statement in the current year. Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are appropriate and effective in offsetting the economic interest rate exposures of the Group and the ALL Group.

The table below shows the maturity profile of the interest rate swaps:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Less than 1 year	64,725	70,000	64,725	-
1 - 2 years	-	141,503	-	71,503
2 - 3 years	8,000	-	-	-
	72,725	211,503	64,725	71,503

17. Payables

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Interest payable	154	538	147	369
Trade creditors	10,229	14,089	10,229	14,089
Payable to the Trust	-	-	-	602
Property expenses payable	446	1,094	-	-
Employee equity plans	-	105	1,144	1,542
Employee benefits	16,662	16,232	16,662	16,232
Deferred income	10,783	4,726	10,783	4,726
Straight-line rent liability	2,885	9,327	2,885	2,154
Lease incentive liabilities	31,952	23,576	31,952	23,576
Property tax payable	5,311	3,935	5,311	3,935
Capital expenditure including construction in progress inventories payable	4,639	15,811	4,639	15,811
Other creditors and accruals	18,656	13,527	18,241	13,335
Total payables	101,717	102,960	101,993	96,371

18. Provisions

(a) Distributions to stapled security holders

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Opening balance	-	-	-	-
Distributions/dividends declared	14,088	34,849	-	-
Distributions/dividends paid	(11,101)	(25,564)	994	2,619
Distributions reinvested	(2,987)	(9,285)	(994)	(2,619)
Closing balance	-	-	-	-

A provision for the distribution relating to the half year to 26 June 2018 was not recognised as the distribution had not been declared at the reporting date. Refer to Note 39.

18. Provisions (continued)

(b) Other provisions

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current				
Employee benefits	1,527	2,631	1,527	2,631
Sundry[1]	168	342	168	342
Total current	1,695	2,973	1,695	2,973
Non-current				
Employee benefits	731	1,009	731	1,009
Property onerous lease contracts	-	580	-	-
Property make good obligations	1,920	6,006	1,920	1,754
Total non-current	2,651	7,595	2,651	2,763
Total provisions	4,346	10,568	4,346	5,736
Movements in sundry provisions				
Carrying amount at the beginning of the year	342	158	342	158
Additional provisions recognised	408	483	408	483
Amounts utilised	(429)	(299)	(429)	(299)
Amounts disposed	(153)	-	(153)	-
Carrying amount at the end of the year	168	342	168	342

(1) Sundry provisions include insurance excess/deductible amounts for public liability insurance, fringe benefits tax provisions and other royalty provisions.

The current provision for employee benefits includes accrued long service leave which covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. This is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

19. Distributions and dividends paid and payable

(a) Consolidated Group

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

	Dividend cents per stapled security	Distribution cents per stapled security	Total amount **$'000**	Distribution tax deferred %	Distribution CGT concession amount %	Distribution Taxable %
2018 dividends and distributions for the half year ended:						
26 December 2017	-	2.00	9,397			
26 June 2018(1)	-	6.50	30,637			
	-	8.50	40,034	-	46.68	53.32
2017 dividends and distributions for the half year ended:						
31 December 2016	-	2.00	9,382			
30 June 2017(2)	-	1.00	4,691			
	-	3.00	14,073	-	46.29	53.71

(1) The distribution of 6.50 cents per stapled security for the half year ended 26 June 2018 was not declared prior to 26 June 2018. Refer to Note 39.
(2) The distribution of 1.00 cents per stapled security for the half year ended 30 June 2017 was not declared prior to 30 June 2017.

(b) ALL Group

No dividends were paid by the ALL Group during the year (2017: nil).

(c) Franking credits

The tax consolidated group has franking credits of $1,501,307 (30 June 2017: $1,501,307). It is the tax consolidated group's intention to distribute these franking credits to security holders where possible.

20. (Losses)/earnings per security/share

	Consolidated Group 2018	Consolidated Group 2017	ALL Group 2018	ALL Group 2017
Basic losses per security/share (cents) from continuing operations	(25.31)	(24.19)	(8.71)	(3.28)
Basic earnings per security/share (cents) from discontinued operations	5.99	10.82	5.39	3.93
Total basic (losses)/earnings per security/share (cents)	(19.32)	(13.37)	(3.32)	0.65
Diluted losses per security/share (cents) from continuing operations	(25.31)	(24.19)	(8.71)	(3.28)
Diluted earnings per security/share (cents) from discontinued operations	5.98	10.80	5.37	3.92
Total diluted (losses)/earnings per security/share (cents)	(19.33)	(13.39)	(3.34)	0.64
(Losses)/earnings used in the calculation of basic and diluted earnings per security/share ($'000)	(90,690)	(62,557)	(15,600)	3,064
Weighted average number of stapled securities on issue used in the calculation of earnings per security/share ('000)	469,496	467,938	469,496	467,938
Weighted average number of stapled securities held by ALL employees under employee share plans (refer to Note 33) ('000)	692	997	692	997
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per security/share ('000)	470,188	468,935	470,188	468,935

21. Contributed equity

No. of securities/shares	Details	Date of income entitlement	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 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
1,510,100	DRP issue	1 Jul 2017	(a)	2,987		994	
681,149	Security-based payments - securities/shares issued	1 Jul 2017	(b)	1,313		437	
-	Issue costs paid			(19)		(6)	
471,344,533	Securities/shares on issue	26 Jun 2018		666,731	662,450	172,124	170,699

(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 June 2018 and was 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 Note 33. Upon vesting, the Group issues stapled securities to these personnel.

22. Other equity

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Treasury securities	1,405	1,662	1,405	1,662
Closing balance	1,405	1,662	1,405	1,662

Treasury securities are securities in Ardent Leisure Limited that are held by the Ardent Leisure Employee Share Trust for the purpose of issuing securities under the Group's DSTI and LTIP. Securities issued to employees are recognised on a first-in-first-out basis.

	No. of securities 2018	No. of securities 2017	$'000 2018	$'000 2017
Opening balance	799,334	-	1,662	-
Acquisition of securities by the Ardent Leisure Employee Share Trust	-	799,334	-	1,662
Issuance of securities by the Ardent Leisure Employee Share Trust	(149,376)	-	(257)	-
Closing balance	649,958	799,334	1,405	1,662

23. Reserves

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Asset revaluation reserve				
Opening balance	16,221	17,436	3,416	3,416
Revaluation - Australian Theme Parks	(722)	(1,215)	-	-
Closing balance	15,499	16,221	3,416	3,416
Cash flow hedge reserve				
Opening balance	(903)	(3,495)	37	(950)
Movement in effective cash flow hedges	835	3,154	(105)	1,549
Tax on movement on US cash flow hedges	68	(562)	68	(562)
Closing balance	-	(903)	-	37
Foreign currency translation reserve				
Opening balance	(36,376)	(33,096)	2,732	6,569
Translation of foreign operations	13,520	(3,280)	6,711	(3,837)
Closing balance	(22,856)	(36,376)	9,443	2,732
Stapled security-based payment reserve				
Opening balance	(5,803)	(5,783)	-	-
Option expense	(1,086)	(20)	-	-
Closing balance	(6,889)	(5,803)	-	-
Total reserves	(14,246)	(26,861)	12,859	6,185

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 Notes 37(o) and 16.

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 DSTI and LTIP.

24. (Accumulated losses)/retained profits

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Opening balance		(102,205)	(4,799)	1,812	(1,252)
(Loss)/profit for the year		(90,690)	(62,557)	(15,600)	3,064
Available for distribution		(192,895)	(67,356)	(13,788)	1,812
Distributions received from treasury shares		21	-	-	-
Distributions and dividends paid and payable	19(a)	(14,088)	(34,849)	-	-
Closing balance		(206,962)	(102,205)	(13,788)	1,812

The distribution of 6.5 cents per stapled security for the half-year ended 26 June 2018 totalling $30.6 million had not been declared at year end. This will be paid on or before 31 August 2018, as described in Note 39.

25. Interest bearing liabilities

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current				
Bank loan - term debt	-	54,466	-	-
Total current	-	54,466	-	-
Non-current				
Bank loan - term debt	27,849	178,793	22,249	157,793
Less: amortised costs - bank loan	-	(632)	-	(290)
Loans from the Trust[1]	-	-	176,922	61,341
Total non-current	27,849	178,161	199,171	218,844
Total interest bearing liabilities	27,849	232,627	199,171	218,844

(1) Further information relating to these loans is included in Note 34(g).

The term debt is secured by mortgages over all freehold property, registered security interests over all present and after acquired property of key Group companies, and pledged interests over all US property.

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.

(a) Total secured liabilities and assets pledged as security

The carrying amounts of assets pledged as security for borrowings are as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Current assets	71,372	225,871	68,598	106,282
Non-current assets	472,549	653,822	372,565	391,893
Total assets	543,921	879,693	441,163	498,175

(b) Credit facilities

As at 26 June 2018, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
A$ syndicated facilities	66,667	133,334	-	-
Amount used	(5,600)	(75,466)	-	-
Amount unused	61,067	57,868	-	-
US$ syndicated facilities	102,769	249,610	102,769	230,574
Amount used	(22,249)	(157,793)	(22,249)	(157,793)
Amount unused	80,520	91,817	80,520	72,781
Trust facilities	-	-	201,150	141,958
Amount used	-	-	(176,922)	(61,341)
Amount unused	-	-	24,228	80,617
Total facilities	169,436	382,944	303,919	372,532
Total amount used	(27,849)	(233,259)	(199,171)	(219,134)
Total amount unused	141,587	149,685	104,748	153,398

25. Interest-bearing liabilities (continued)

(b) Credit facilities (continued)

(i) Consolidated Group

The Group has access to A$66.7 million syndicated facilities which will mature on 10 August 2019, and US$76.2 million (A$102.8 million) syndicated facilities which will mature on 10 August 2019.

The reduction in available facilities from the available facilities at 30 June 2017 of A$133.3 million and US$192.0 million (A$249.6 million) is due to the cancellation of A$66.7 million syndicated facilities following the sale of the Marinas business, and the cancellation of US$115.8 million syndicated facilities following the sale of the Bowling and Entertainment business.

All of the facilities have a variable interest rate. As detailed in Note 16, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average interest rates payable on the loans at 26 June 2018, including the impact of the interest rate swaps, is 4.64% per annum for AUD denominated debt (30 June 2017: 5.39% per annum) and 2.07% per annum for USD denominated debt (30 June 2017: 3.19% per annum).

(ii) 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 $100.0 million (30 June 2017: $82.2 million) have a maturity date of 10 August 2019. In addition, the ALL Group has US$75.0 million (A$101.1 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$76.2 million (A$102.8 million) (30 June 2017: US$177.4 million (A$230.6 million)) syndicated facilities maturing on 10 August 2019.

Information about the Group's exposure to foreign exchange risk and interest rates is provided in Note 28.

26. Net tangible assets

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000
Net tangible assets are calculated as follows:		
Total assets	621,128	974,213
Less: intangible assets	(70,275)	(96,587)
Less: total liabilities	(177,010)	(442,491)
Net tangible assets	373,843	435,135
Total number of stapled securities on issue	471,344,533	469,153,284
Net tangible asset backing per stapled security	$0.79	$0.93

27. Discontinued operations

(a) Overview

On 20 December 2017, the Group announced its decision to dispose of its entire interest in the Bowling and Entertainment business for a sale price of $160.0 million. Completion occurred effective 30 April 2018, resulting in a gain in the period of $20.3 million net of selling costs. The Bowling and Entertainment business, previously a reportable segment, comprised 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 post-tax 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.

27. Discontinued operations (continued)

(b) Financial performance

The financial performance for the year ended 26 June 2018 was as follows:

	Note	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Revenue		125,061	214,472	125,061	214,472
Expenses		(121,660)	(206,112)	(126,669)	(211,275)
Profit/(loss) before income tax		3,401	8,360	(1,608)	3,197
Income tax expense		(131)	(1,777)	201	(2,053)
Profit/(loss) after income tax of discontinued operations		3,270	6,583	(1,407)	1,144
Gain on sale of the Marinas business after tax	27(f)	4,668	-	20,027	-
Costs incurred relating to the sale of the Marinas business		-	(796)	-	(944)
Gain on sale of the Health Clubs business after tax	27(g)	-	44,838	-	18,169
Costs incurred relating to the sale of the Health Clubs business		(133)	-	(120)	-
Gain on sale of the Bowling and Entertainment business after tax	27(e)	20,319	-	6,772	-
Profit from discontinued operations		28,124	50,625	25,272	18,369

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

(c) Cash flow information

The cash flows for the year ended 26 June 2018 were as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Net cash inflow from operating activities	16,877	28,138	13,571	13,346
Net cash inflow/(outflow) from investing activities	260,819	208,457	(19,203)	166,964
Net cash inflow from financing activities	12,406	16,939	12,333	16,935
Net increase in cash and cash equivalents	290,102	253,534	6,701	197,245

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

The net cash inflow from investing activities for the Consolidated Group for the year ended 26 June 2018 includes an inflow net of selling costs of $159.5 million from the disposal of the Bowling and Entertainment business and an inflow net of selling costs of $121.3 million from the disposal of the Marinas business. The year ended 30 June 2017 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 for the ALL Group for the year ended 26 June 2018 includes an inflow net of selling costs of $79.4 million from the disposal of the Bowling and Entertainment business and an inflow net of selling costs of $20.0 million from the disposal of the Marinas business. The year ended 30 June 2017 included an inflow net of selling costs of $197.3 million from the disposal of the Health Clubs business.

27. Discontinued operations (continued)

(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 operations as at 26 June 2018:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Assets classified as held for sale				
Cash and cash equivalents	-	4	-	4
Receivables	-	618	-	618
Inventories	-	181	-	181
Deferred tax assets	-	32	-	32
Property, plant and equipment & investment properties	-	118,967	-	2,079
Other	-	919	-	330
Total assets of disposal group held for sale	-	120,721	-	3,244
Labilities directly associated with assets classified as held for sale				
Payables	-	(3,777)	-	(3,443)
Provisions	-	(100)	-	(100)
Other	-	(1,015)	-	(1,015)
Total liabilities of disposal group held for sale	-	(4,892)	-	(4,558)

(e) Details of the sale of the Bowling and Entertainment business

Gain on sale

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Consideration received or receivable				
Base consideration	160,000	-	78,809	-
Cash adjustment for working capital adjustments	4,433	-	5,423	-
Total disposal consideration	164,433	-	84,232	-
Selling costs	(4,949)	-	(4,791)	-
Carrying amount of net (assets)/liabilities sold	(139,165)	-	(72,669)	-
Gain on sale before income tax	20,319	-	6,772	-
Income tax expense on gain	-	-	-	-
Gain on sale after income tax	20,319	-	6,772	-

27. Discontinued operations (continued)

(e) Details of the sale of the Bowling and Entertainment business (continued)

Carrying value of assets on sale

The carrying amount of assets and liabilities as at the 30 April 2018 date of sale were:

	Consolidated Group 30 April 2018 $'000	ALL Group 30 April 2018 $'000
Cash and cash equivalents	9,267	9,267
Receivables	3,328	3,328
Inventories	4,098	4,098
Property, plant and equipment	127,171	47,424
Intangible assets	26,178	26,178
Deferred tax assests	1,744	1,744
Other assets	617	410
Total assets	172,403	92,449
Payables	(25,457)	(17,020)
Provisions	(6,965)	(1,944)
Deferred tax liabilities	(816)	(816)
Total liabilities	(33,238)	(19,780)
Net assets	139,165	72,669

(f) Details of the sale of the Marinas business

Gain on sale

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Consideration received or receivable				
Base consideration	126,000	-	22,503	-
Cash adjustment for working capital adjustments	(2,917)	-	(2,089)	-
Total disposal consideration	123,083	-	20,414	-
Selling costs	(1,766)	-	(413)	-
Carrying amount of net (assets)/liabilities sold	(116,649)	-	26	-
Gain on sale before income tax	4,668	-	20,027	-
Income tax expense on gain	-	-	-	-
Gain on sale after income tax	4,668	-	20,027	-

27. Discontinued operations (continued)

(f) 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 & investment properties	118,613	2,077
Other	693	235
Total assets	120,584	3,590
Payables	(3,864)	(3,545)
Provisions	(71)	(71)
Total liabilities	(3,935)	(3,616)
Net assets	116,649	(26)

(g) Details of the sale of Health Clubs

Gain on sale

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Consideration received or receivable:				
Cash consideration	-	260,000	-	203,200
Cash payment for working capital adjustments	-	(416)	-	(416)
Total disposal consideration	-	259,584	-	202,784
Selling costs	(133)	(6,221)	-	(5,436)
Carrying amount of net assets sold	-	(208,354)	-	(179,008)
Gain on sale before income tax	(133)	45,009	-	18,340
Income tax expense on gain	-	(171)	-	(171)
Gain on sale after income tax	(133)	44,838	-	18,169

27. Discontinued operations (continued)

(g) Details of the sale of Health Clubs (continued)

Carrying value of assets on sale

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

	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
Property, plant and equipment	82,131	38,070
Intangible assets	151,950	151,950
Deferred tax assets	2,565	2,565
Other	5,051	5,044
Total assets	247,851	203,781
Payables	(30,523)	(21,346)
Provisions	(8,974)	(3,427)
Total liabilities	(39,497)	(24,773)
Net assets	208,354	179,008

28. Capital and financial risk management

(a) Capital risk management

The Group's objectives when managing capital is to optimise stapled security holder value through the mix of available capital sources while complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest cover and debt serviceability ratios within approved limits and continuing to operate as a going concern.

The Group assesses its capital management approach as a key part of the Group's overall strategy and it is continuously reviewed by management and the Board.

The Group is able to alter its capital mix by issuing new stapled securities, activating the DRP, electing to have the DRP underwritten, adjusting the amount of distributions paid, activating a stapled security buy-back program or selling assets to reduce borrowings.

The Group has a target gearing ratio of 30% to 35% of net debt to net debt plus equity. At 26 June 2018, gearing was 3.18% (2017: 29.5%) and the Group has complied with the financial covenants of its borrowing facilities in the current and previous financial years.

Protection of the Group's equity in foreign denominated assets was achieved through borrowing in the local functional currency to provide a natural hedge supplemented by the use of foreign exchange forward contracts to provide additional hedge protection. The Group has a target equity hedge of 50% to 100% of the asset value by foreign currency.

The Trust also protects its equity in assets by taking out insurance with creditworthy insurers.

28. Capital and financial risk management (continued)

(b) Financial risk management

The Group's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities and derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk.

The Group manages its exposure to these financial risks in accordance with the Group's Financial Risk Management (FRM) policy as approved by the Board.

The FRM policy sets out the Group's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Group uses various measures to manage exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis and counterparty credit assessment and the use of future rolling cash flow forecasts.

The Group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and cross currency swaps to manage its financial risk as permitted under the FRM policy. Such instruments are used exclusively for hedging purposes i.e. not for trading or speculative purposes.

(c) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates will change the Australian dollar value of the Group's net assets or its Australian dollar earnings.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group is exposed to foreign exchange risk through investing in overseas businesses and deriving operating income from those businesses. The Group manages this exposure on a consolidated basis.

The majority of derivatives utilised to manage this consolidated exposure are held by the Trust. Therefore, the information provided below is only meaningful for the Group.

28. Capital and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Foreign investment

The Group aims to minimise the impact of fluctuations in foreign currency exchange rates on its net investments overseas by funding such investments by borrowing in the local overseas currency or by taking out forward foreign exchange contracts. The Group's policy is to hedge 50% to 100% of overseas investments in this way.

The table below sets out the Group's overseas investments, by currency, and how, through the use of forward foreign exchange contracts, this exposure is reduced. All figures in the table below are shown in Australian dollars with foreign currency balances translated at the year-end spot rate:

Consolidated Group	Australian dollars 2018 $'000	Australian dollars 2017 $'000	New Zealand dollars 2018 $'000	New Zealand dollars 2017 $'000	US dollars 2018 $'000	US dollars 2017 $'000
Assets						
Cash and cash equivalents	1,636	3,774	1,658	1,457	13,254	5,611
Receivables and other current assets	13,890	15,474	9	376	15,938	7,862
Derivative financial instruments	-	105	-	-	748	167
Assets classified as held for sale	-	120,721	-	-	-	-
US Entertainment Centre classified as held for sale	-	-	-	-	-	13,840
Construction in progress inventories	-	-	-	-	24,239	56,756
Investments held at fair value	2,811	3,201	-	-	-	-
Property, plant and equipment	102,438	299,678	-	939	353,230	335,823
Intangible assets	16,956	41,496	-	3,685	53,319	51,406
Other non-current assets	21,002	11,831	-	11	-	-
Total assets	158,733	496,280	1,667	6,468	460,728	471,465
Liabilities						
Payables and other current liabilities	28,299	41,647	27	305	78,668	67,258
Construction in progress deposits	-	-	-	-	22,397	50,050
Derivative financial instruments	28	1,321	-	-	-	-
Liabilities directly associated with assets classified as held for sale	-	4,892	-	-	-	-
Interest bearing liabilities	5,600	75,126	-	-	22,249	157,501
Other non-current liabilities	784	5,925	-	-	18,958	38,466
Total liabilities	34,711	128,911	27	305	142,272	313,275
Net assets	124,022	367,369	1,640	6,163	318,456	158,190
Notional value of derivatives	-	-	-	-	364	1,326
Net exposure to foreign exchange movements	124,022	367,369	1,640	6,163	318,820	159,516

28. Capital and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Foreign investment (continued)

ALL Group	Australian dollars 2018 $'000	Australian dollars 2017 $'000	New Zealand dollars 2018 $'000	New Zealand dollars 2017 $'000	US dollars 2018 $'000	US dollars 2017 $'000
Assets						
Cash and cash equivalents	1,572	3,763	28	687	12,575	4,902
Receivables and other current assets	13,549	15,284	47	66	15,840	7,740
Derivative financial instruments	-	-	-	-	748	196
Assets classified as held for sale	-	3,244	-	-	-	-
US Entertainment Centre classified as held for sale	-	-	-	-	-	13,840
Construction in progress inventories	-	-	-	-	24,239	56,756
Investments held at fair value	2,811	3,201	-	-	-	-
Property, plant and equipment	2,454	38,486	-	278	353,230	335,823
Intangible assets	16,956	41,496	-	3,685	53,319	51,406
Other non-current assets	21,002	11,831	-	11	-	-
Total assets	58,344	117,305	75	4,727	459,951	470,663
Liabilities						
Payables and other current liabilities	28,612	34,947	(10)	416	78,668	67,258
Construction in progress deposits	-	-	-	-	22,397	50,050
Derivative financial instruments	-	-	-	-	-	29
Liabilities directly associated with assets classified as held for sale	-	4,558	-	-	-	-
Interest bearing liabilities	92,615	61,387	-	-	106,556	157,457
Other non-current liabilities	784	1,093	-	-	18,958	38,466
Total liabilities	122,011	101,985	(10)	416	226,579	313,260
Net assets	(63,667)	15,320	85	4,311	233,372	157,403
Net exposure to foreign exchange movements	(63,667)	15,320	85	4,311	233,372	157,403

(ii) Foreign exchange rate sensitivity

The table below demonstrates the sensitivity of the above net exposures to reasonably possible changes in foreign exchange rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit, or equity, while a positive amount reflects a potential net increase.

Consolidated Group	Profit movement 2018 $'000	Profit movement 2017 $'000	Total equity movement 2018 $'000	Total equity movement 2017 $'000
AUD:USD - increase 10%	(33)	(119)	(28,984)	(14,501)
AUD:USD - decrease 10%	40	146	35,424	17,724
AUD:NZD - increase 10%	-	-	(148)	(560)
AUD:NZD - decrease 10%	-	-	183	686

ALL Group	Profit movement 2018 $'000	Profit movement 2017 $'000	Total equity movement 2018 $'000	Total equity movement 2017 $'000
AUD:USD - increase 10%	-	-	(21,216)	(14,309)
AUD:USD - decrease 10%	-	-	25,930	17,489
AUD:NZD - increase 10%	-	-	(7)	(390)
AUD:NZD - decrease 10%	-	-	10	482

28. Capital and financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign exchange rate sensitivity (continued)

Foreign income

Through investing in overseas assets, the Group earns foreign denominated income. Net operating income derived is naturally offset by local currency denominated expenses including interest and tax.

From time to time, the Group uses forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined rates out into the future. At reporting date, the Group has no hedging in place over USD or NZD income.

(iii) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Group.

The Group is exposed to interest rate risk predominantly through borrowings. The Group manages this exposure on a consolidated basis. The Group applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps, to exchange floating interest rates to fixed interest rates, to manage its exposure between these bands. Compliance with the policy is reviewed regularly by management and is reported to the Board each meeting.

The Group has exposures to interest rate risk on its net monetary liabilities, mitigated by the use of interest rate swaps, as shown in the table below:

Consolidated Group	Australian interest		US interest	
	2018	2017	2018	2017
	$'000	**$'000**	**$'000**	**$'000**
Fixed rates				
Interest bearing liabilities	-	-	-	-
	-	-	-	-
Floating rates				
Cash and cash equivalents	3,294	5,231	13,254	5,611
Interest bearing liabilities	(5,600)	(75,466)	(22,249)	(157,793)
	(2,306)	(70,235)	(8,995)	(152,182)
Interest rate swaps	8,000	70,000	64,725	71,503
Net interest rate exposure	5,694	(235)	55,730	(80,679)

Refer to Note 16 for further details on the interest rate swaps.

28. Capital and financial risk management (continued)

(c) Market risk (continued)

(iii) Interest rate risk (continued)

ALL Group	Australian interest		US interest	
	2018	2017	2018	2017
	$'000	**$'000**	**$'000**	**$'000**
Fixed rates				
Interest bearing liabilities	-	-	-	-
	-	-	-	-
Floating rates				
Cash and cash equivalents	1,600	4,450	12,575	4,902
Interest bearing liabilities	(176,922)	(61,341)	(22,249)	(157,793)
	(175,322)	(56,891)	(9,674)	(152,891)
Interest rate swaps	-	-	64,725	71,503
Net interest rate exposure	(175,322)	(56,891)	55,051	(81,388)

(iv) Interest rate sensitivity

The table below demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit or equity, while a positive amount reflects a potential net increase.

Consolidated Group	Profit movement		Total equity movement	
	2018	2017	2018	2017
	$'000	**$'000**	**$'000**	**$'000**
1% increase in AUD rate	283	6	283	1,337
1% decrease in AUD rate	(283)	(6)	(283)	(1,337)
1% increase in USD rate	1,156	(815)	1,156	535
1% decrease in USD rate	(1,156)	815	(1,156)	(535)

ALL Group	Profit movement		Total equity movement	
	2018	2017	2018	2017
	$'000	**$'000**	**$'000**	**$'000**
1% increase in AUD rate	(1,753)	(569)	(1,753)	(569)
1% decrease in AUD rate	1,753	569	1,753	569
1% increase in USD rate	1,149	(814)	1,149	536
1% decrease in USD rate	(1,149)	814	(1,149)	(536)

At reporting date, the Group has fixed 261.1% (30 June 2017: 60.7%) of its floating interest exposure. The proceeds from the sale of the Bowling and Entertainment business were used to repay interest bearing liabilities on 30 April 2018 (refer to Note 25(b)), resulting in the value of interest rate swaps temporarily exceeding the value of interest bearing liabilities at 26 June 2018.

28. Capital and financial risk management (continued)

(d) Liquidity risk

Liquidity risk arises if the Group has insufficient liquid assets to meet its short-term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Group were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Group.

The following tables provide the contractual maturity of the Group's and ALL Group's fixed and floating rate financial liabilities and derivatives as at 26 June 2018. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Balance Sheets. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated Group 2018	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	101,717	101,717	-	-	-	-	-	101,717
Term debt	27,849	1,143	27,995	-	-	-	-	29,138
Interest rate swaps of the term debt	(720)	(570)	19	18	-	-	-	(533)
Forward foreign exchange contracts	-	270	-	-	-	-	-	270
Total undiscounted financial liabilities	128,846	102,560	28,014	18	-	-	-	130,592

Consolidated Group 2017	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	102,960	102,960	-	-	-	-	-	102,960
Term debt	233,259	59,559	71,347	111,156	-	-	-	242,062
Interest rate swaps designated as hedges of the term debt	1,008	1,085	668	-	-	-	-	1,753
Forward foreign exchange contracts	41	1,020	-	-	-	-	-	1,020
Total undiscounted financial liabilities	337,268	164,624	72,015	111,156	-	-	-	347,795

ALL Group 2018	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	101,993	101,993	-	-	-	-	-	101,993
Term debt	22,249	909	22,365	-	-	-	-	23,274
Loan from the Trust	176,922	9,000	179,157	-	-	-	-	188,157
Interest rate swaps of the term debt	(748)	(589)	-	-	-	-	-	(589)
Total undiscounted financial liabilities	300,416	111,313	201,522	-	-	-	-	312,835

ALL Group 2017	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	96,371	96,371	-	-	-	-	-	96,371
Term debt	157,793	4,156	70,628	90,074	-	-	-	164,858
Loan from the Trust	61,341	2,649	61,638	-	-	-	-	64,287
Interest rate swaps designated as hedges of the term debt	(167)	57	53	-	-	-	-	110
Total undiscounted financial liabilities	315,338	103,233	132,319	90,074	-	-	-	325,626

28. Capital and financial risk management (continued)

(e) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all of its financial assets included in the Group's Balance Sheet.

The Group manages credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. The Group has policies to review the aggregate exposures of receivables and tenancies across its portfolio. The Group has no significant concentrations of credit risk on its trade receivables. The Group holds collateral in the form of security deposits or bank guarantees, over some receivables.

For derivative financial instruments, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a close out. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to investment grade counterparties in accordance with the Group's FRM policy. The Group monitors the public credit rating of its counterparties.

No credit risk has been allocated to cash and cash equivalents. Credit risk adjustments relating to receivables have been applied in line with the policy set out in Note 37(c). No fair value adjustment has been made to derivative financial assets, with the impact of credit risk being minimal. The Group's maximum exposure to credit risk is noted in the table below.

Details of the concentration of credit exposure of the Group's assets are as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Cash and cash equivalents	16,548	10,842	14,175	9,352
Receivables - Australia	2,939	3,463	5,552	3,463
Receivables - US	9,093	1,904	9,093	1,904
Derivative financial instruments	748	272	748	196
	29,328	16,481	29,568	14,915

28. Capital and financial risk management (continued)

(e) Credit risk (continued)

All cash, derivative financial instruments and interest bearing receivables are neither past due nor impaired.

The table below shows the ageing analysis of those receivables which are past due or impaired:

	Past due but not impaired				Impaired	Total
	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days		
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated Group 2018						
Receivables - Australia	185	9	7	48	48	297
Receivables - US	239	428	28	5	-	700
	424	437	35	53	48	997
Consolidated Group 2017						
Receivables - Australia	555	230	116	1,066	221	2,188
Receivables - US	75	520	24	13	-	632
	630	750	140	1,079	221	2,820
ALL Group 2018						
Receivables - Australia	185	9	7	48	48	297
Receivables - US	239	428	28	5	-	700
	424	437	35	53	48	997
ALL Group 2017						
Receivables - Australia	555	230	116	1,066	221	2,188
Receivables - US	75	520	24	13	-	632
	630	750	140	1,079	221	2,820

Based on a review of receivables by management, a provision of $48,000 (30 June 2017: $94,000) has been made against receivables with a gross balance of $48,000 (30 June 2017: $221,000).

The Group holds collateral against the impaired receivables in the form of bank guarantees and security deposits; however, these are not material.

There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

29. Fair value measurement

(a) Fair value hierarchy

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments;
- Investments held at fair value; and
- Land and buildings.

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

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

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Consolidated Group 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investments held at fair value	-	-	2,811	2,811
Property, plant and equipment[1]	-	-	113,644	113,644
Derivative financial instruments	-	748	-	748
Liabilities measured at fair value:				
Derivative financial instruments	-	28	-	28
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 29(c))	-	27,849	-	27,849

2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investments held at fair value	-	-	3,201	3,201
Property, plant and equipment[1]	-	-	186,439	186,439
Assets classified as held for sale	-	-	116,888	116,888
Derivative financial instruments	-	272	-	272
Liabilities measured at fair value:				
Derivative financial instruments	-	1,321	-	1,321
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 29(c))	-	233,259	-	233,259

[1] Land and buildings of the Australian Theme Parks.

There has been no transfer between level 1 and level 2 during the year. The investment held at fair value was impaired by $0.4 million during the year, reducing the fair value from $3.2 million at 30 June 2017 to $2.8 million at 26 June 2018. For changes in other level 3 items for the years ended 26 June 2018 and 30 June 2017, refer to Notes 11 and 27.

29. Fair value measurement (continued)

(a) Fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the ALL Group's assets and liabilities:

ALL Group 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investments held at fair value	-	-	2,811	2,811
Derivative financial instruments	-	748	-	748
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 29(c))	-	199,171	-	199,171

2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investments held at fair value	-	-	3,201	3,201
Derivative financial instruments	-	196	-	196
Liabilities measured at fair value:				
Derivative financial instruments	-	29	-	29
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 29(c))	-	219,134	-	219,134

There has been no transfer between level 1 and level 2 during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 26 June 2018.

(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 (e.g. over–the–counter derivatives) 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 date.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

29. Fair value measurement (continued)

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

The fair value of investment properties and property, plant and equipment is determined in line with the policy set out in Notes 37(e) and 37(f), with all resulting fair value estimates included in level 3. The current use is considered to be the highest and best use for all investment properties in the Group.

(i) Fair value measurements using significant unobservable inputs

For changes in level 3 items for the periods ended 26 June 2018 and 30 June 2017, refer to Notes 11, 13 and 27.

(ii) Valuation inputs and relationships to fair value

The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment are discussed in Note 11.

The fair value of land and buildings and major rides and attractions is determined in line with the policy set out in Note 37(f), with all resulting fair value estimates included in level 3.

(c) Fair values of other financial instruments

The Group also has 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. Differences were identified for the following instruments at 26 June 2018:

	Carrying amount 2018 $'000	Fair value 2018 $'000	Discount rate 2018 %	Carrying amount 2017 $'000	Fair value 2017 $'000	Discount rate 2017 %
Consolidated Group						
Interest bearing liabilities	27,849	27,851	4.13	233,259	225,252	4.80
ALL Group						
Interest bearing liabilities	199,171	202,099	4.13	219,134	213,293	4.80

In determining the fair value of the interest bearing liabilities, the Group's principal payable of $27.8 million (30 June 2017: $233.3 million) has been discounted at a rate of 4.13% (30 June 2017: 4.80%) 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 are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including the Group's own credit risk.

30. Ardent Leisure Trust and Ardent Leisure Limited formation

The Trust was established on 6 February 1998. On 23 December 2005, the Manager executed a supplemental deed poll to amend the Trust Constitution. The amendments removed the 80-year life of the Trust, to enable the units on issue to be classified as equity under Australian Accounting Standards. ALL was incorporated on 28 April 2003. The Manager and ALL entered into the stapling deed effective 1 July 2003.

31. Remuneration of auditor

The auditor of the Group in the current year, Ernst & Young (EY) and in the prior year, PricewaterhouseCoopers (PwC), earned the following remuneration:

	Consolidated Group June 2018 $	Consolidated Group June 2017 $	ALL Group June 2018 $	ALL Group June 2017 $
Audit and other assurance services - EY	448,200	-	265,800	-
Audit and other assurance services - related practices of EY	259,939	-	259,939	-
Taxation services - EY	169,427	-	109,427	-
Taxation services - related practices of EY	135,180	-	130,127	-
Other services - EY	64,044	-	64,044	-
	1,076,790	-	829,337	-

31. Remuneration of auditor (continued)

	Consolidated Group June 2018 $	Consolidated Group June 2017 $	ALL Group June 2018 $	ALL Group June 2017 $
Audit and other assurance services - PwC Australia	-	683,686	-	418,401
Audit and other assurance services - related practices of PwC Australia	260	257,788	260	257,788
Taxation services - PwC Australia	114,477	222,764	67,636	118,828
Taxation services - related practices of PwC Australia	238,880	264,441	239,643	212,152
Other services - PwC Australia	76,760	103,618	76,760	103,618
	430,377	1,532,297	384,299	1,110,787

32. Management fees

The Manager of the Trust is Ardent Leisure Management Limited.

The Manager's registered office and principal place of business are Level 8, 60 Miller Street, North Sydney, NSW 2060.

The management fee is based on an allocation of costs incurred by ALL and its controlled entities to manage the Trust but is eliminated in the aggregated results of the Group. The management fee earned by the Manager during the year was $1.2 million (30 June 2017: $1.2 million).

33. Security-based payments

(a) Deferred Short Term Incentive Plan (DSTI)

Plan name	DSTI
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the DSTI.
Types of securities issued	Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally one year and two years following the grant date.
What are the vesting conditions?	Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.

(i) *Equity settled security-based payments*

Since the DSTI was approved in July 2010, incentives have been provided to certain executives under the DSTI. Under the terms of the DSTI, participants may be granted performance rights of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 16 December 2010, with the first possible vesting date being the day after the full year financial results announcement for the year ended 30 June 2011. A total of 556,006 performance rights vested on 29 September 2017 and a corresponding number of stapled securities were issued to employees under the terms of the DSTI (2017: 697,239).

The characteristics of the DSTI indicate that, at the Ardent Leisure Group level, it is an equity settled security-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the DSTI's service criteria.

33. Security-based payments (continued)

(a) Deferred Short Term Incentive Plan (DSTI) (continued)

Fair value

The fair value of equity settled performance rights granted under the DSTI is recognised in the Group financial statements as an employee benefit expense with a corresponding increase in equity. The fair value of each grant of performance rights is determined at grant date using a binomial tree valuation model and then is recognised over the vesting period during which employees become unconditionally entitled to the underlying securities.

At each reporting date, the estimate of the number of performance rights that are expected to vest is revised. The employee benefit expense recognised each financial period takes into account the most recent estimate.

(ii) Cash settled security-based payments

All performance rights issued are to be settled in equity upon vesting. As such, these performance rights are considered to be equity settled share-based payments under AASB 2.

ALL is considered to be a subsidiary of the Trust, therefore in the financial statements of the ALL Group the DSTI is accounted for as a cash settled security-based payment. At the end of each reporting period, the number of performance rights vesting is multiplied by the Group stapled security volume weighted average price (VWAP) for the five trading days immediately following the vesting date.

Fair value

The fair value of cash settled performance rights granted under the DSTI is determined at grant date and each reporting date using a binomial tree valuation model. This is recorded as a liability with the movement in the fair value of the financial liability being recognised in the Income Statement.

At each reporting date, the estimate of the number of performance rights that are expected to vest is revised. The employee benefit expense recognised each period takes into account the most recent estimate.

(iii) Valuation inputs

For the performance rights outstanding at 26 June 2018, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 26 June 2018:

Grant	2016	2017
Grant date	23 August 2016	29 September 2017
Vesting date – year 1	31 August 2017	31 August 2018
Vesting date – year 2	31 August 2018	31 August 2019
Average risk-free rate	1.40% per annum	2.00% per annum
Expected price volatility	40.0% per annum	42.0% per annum
Expected distribution yield	5.0% per annum	1.6% per annum
Stapled security price at grant date	$2.50	$1.82
Valuation per performance right on issue	$2.26	$1.78

The table below shows the fair value of the performance rights in each grant as at 26 June 2018 as well as the factors used to value the performance rights as at 26 June 2018. Under AASB 2, this valuation is used to value the cash settled performance rights granted to employees at 26 June 2018:

Grant	2016	2017
Grant date	23 August 2016	29 September 2017
Vesting date – year 1	31 August 2017	31 August 2018
Vesting date – year 2	31 August 2018	31 August 2019
Average risk-free rate	2.00% per annum	2.00% per annum
Expected price volatility	33.0% per annum	33.0% per annum
Expected distribution yield	4.3% per annum	4.3% per annum
Stapled security price at year end	$1.97	$1.97
Valuation per performance right at year end	$1.95	$1.91

Grants of performance rights are made annually with the grant date being the date of the issue of the offer letters to employees. Although the grant date may vary from year to year, the testing period (subject to any hurdles) remains constant with the vesting date being 24 hours immediately following the announcement of the Group's full year financial results.

33. Security-based payments (continued)

(a) Deferred Short Term Incentive Plan (DSTI) (continued)

(iv) Tenure hurdle

The vesting of the performance rights is subject to a tenure hurdle and participants must remain employed by the Group (and not be under notice terminating the contract of employment from either party) as at the relevant vesting date.

The number of rights outstanding and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Grant Date Valuation per right - AAD	Balance at the beginning of the year	Granted	Exercised	Failed to vest	Cancelled (employee left)	Balance at the end of the year
18 Aug 2015	05 Sep 2017	nil	194.0 cents	241,441	-	(241,441)	-	-	-
23 Aug 2016	31 Aug 2018	nil	231.8 cents	481,525	-	(296,082)	-	(75,764)	109,679
29 Sep 2017	31 Aug 2019	nil	177.5 cents	-	494,970	-	-	(68,826)	426,144
				722,966	494,970	(537,523)	-	(144,590)	535,823

The rights have an average maturity of six months.

(b) Long Term Incentive Plan (LTIP)

Plan name	LTIP
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the LTIP.
Types of securities issued	Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
Treatment of non-Australian residents	For employees who are not Australian residents, the LTIP historically granted cash awards to those executives. Administrative arrangements have now been made to issue equity awards and not cash awards to non-resident executives. All awards, whether equity or cash, are subject to the same performance and tenure hurdles.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally two, three and four years following the grant date, subject to meeting the total shareholder return (TSR) and internal compound earnings per security (EPS) performance hurdles. The weighting between the two hurdles will be split as follows: • TSR – 50%; and • EPS – 50%.

33. Security-based payments (continued)

(b) Long Term Incentive Plan (LTIP) (continued)

Plan name	LTIP
What are the vesting conditions?	In order for any or all of the performance rights to vest one or both of the following hurdles must be met: • TSR performance hurdle - the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark group for the same period. A sliding scale of vesting applies above the 50th percentile threshold with maximum vesting achieved at the 75th percentile; and • EPS performance hurdle - the Group's compound EPS growth for the performance period must exceed 5%. A sliding scale of vesting applies above the 5% threshold with maximum vesting achieved at 10% compound EPS growth.
What does total shareholder return include?	TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.
What is the earnings per security hurdle?	The EPS hurdle refers to the annual growth of earnings per security over the total vesting periods of two, three and four years from the grant date.
What is the benchmark group?	The benchmark group comprises the S&P/ASX Small Industrials Index.

(i) Equity settled security-based payments

Since 1 July 2009, long term incentives have been provided to certain executives under the LTIP. Under the terms of the LTIP and the initial grant, employees may be granted performance rights of which one third will vest two years after grant date, one third will vest three years after grant date and one third will vest four years after grant date. The percentage of performance rights which may vest is subject to the TSR performance of the Group relative to its peer group, which is the S&P/ASX Small Industrials Index.

During the year, the relative TSR performance of the Group was tested in accordance with the LTIP for tranches issued in 2013, 2014 and 2015 with the following results:

Tranche	TSR	Percentile	Vesting percentage
T3-2013	48.31%	53.26	54.70%
T2-2014	(13.93%)	37.30	-
T1-2015	2.05%	43.89	-

A total of 125,142 performance rights vested on 5 September 2017 and a corresponding number of stapled securities were issued to employees under the terms of the LTIP (2017: 603,653).

The characteristics of the LTIP indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the LTIP's service and performance criteria.

33. Security-based payments (continued)

(b) Long Term Incentive Plan (LTIP) (continued)

(i) Equity settled security-based payments (continued)

Fair value

The fair value of the equity settled performance rights granted under the LTIP is recognised in the Group financial statements as an employee benefit expense with a corresponding increase in equity. The fair value of the performance rights is determined at grant date using a Monte Carlo simulation valuation model and then is recognised over the vesting period during which employees become unconditionally entitled to the underlying securities.

At each reporting date, the estimate of the number of performance rights that are expected to vest is revised. The employee benefit expense recognised each financial period takes into account the most recent estimate.

(ii) Cash settled security-based payments

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the LTIP were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of each vesting period, the number of performance rights which would have vested is multiplied by the Group stapled security VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2.

All performance rights issued after 1 July 2014 to US employees are settled in equity upon vesting. These performance rights are considered to be equity settled share-based payments under AASB 2. No cash settled performance rights vested to US employees in the year under the terms of the LTIP (2017: 16,443).

ALL is considered to be a subsidiary of the Trust, therefore in the financial statements of the ALL Group the LTIP is accounted for as a cash settled security-based payment. The fair value of the performance rights granted under the LTIP is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities.

Fair value

The fair value of cash settled performance rights granted under the LTIP is determined at grant date and each reporting date using a Monte Carlo simulation valuation model. This is recorded as a liability with the difference in the movement in the fair value of the financial liability recognised in the Income Statement.

At each reporting date, the estimate of the number of performance rights that are expected to vest is revised. The employee benefit expense recognised each period takes into account the most recent estimate.

(iii) Valuation inputs

For performance rights outstanding at 26 June 2018, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 26 June 2018:

Grant	2014	2015	2016	2017
Grant date	19 August 2014	15 December 2015	23 August 2016	29 September 2017
Vesting date – year 2	31 August 2016	31 August 2017	31 August 2018	31 August 2019
Vesting date – year 3	31 August 2017	31 August 2018	31 August 2019	31 August 2020
Vesting date – year 4	31 August 2018	31 August 2019	31 August 2020	31 August 2021
Average risk-free rate	2.57% per annum	2.10% per annum	1.40% per annum	2.00% per annum
Expected price volatility	27.0% per annum	38.3% per annum	40.0% per annum	42.0% per annum
Expected distribution yield	4.3% per annum	5.8% per annum	5.0% per annum	1.6% per annum
Stapled security price at grant date	$3.00	$2.17	$2.50	$2.50
Valuation per performance right on issue				
US employees	$1.32	$1.06	$1.51	$0.65
Australian employees	$1.32	$1.06	$1.51	$0.19

33. Security-based payments (continued)

(b) Long Term Incentive Plan (LTIP) (continued)

(iii) Valuation inputs (continued)

The table below shows the fair value of the performance rights for each grant as at 26 June 2018 as well as the factors used to value the performance rights at 26 June 2018. Under AASB 2, this valuation is used to value the cash settled performance rights granted to employees at 26 June 2018:

Grant	2014	2015	2016	2017
Grant date	19 August 2014	15 December 2015	23 August 2016	29 September 2017
Vesting date – year 2	31 August 2016	31 August 2017	31 August 2018	31 August 2019
Vesting date – year 3	31 August 2017	31 August 2018	31 August 2019	31 August 2020
Vesting date – year 4	31 August 2018	31 August 2019	31 August 2020	31 August 2021
Average risk-free rate	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum
Expected price volatility	33.0% per annum	33.0% per annum	33.0% per annum	33.0% per annum
Expected distribution yield	4.3% per annum	4.3% per annum	4.3% per annum	4.3% per annum
Stapled security price at year end	$1.97	$1.97	$1.97	$1.97
Valuation per performance right at year end				
US employees	-	$0.19	$0.44	$0.68
Australian employees	-	$0.19	$0.44	$0.12

Grants of performance rights are made annually with the grant date being the date of the issue of the offer letters to employees. Although the grant date may vary from year to year, the testing period (subject to any hurdles) remains constant with the vesting date being **24 hours immediately following the announcement of the Group's full year financial results.**

(iv) Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's TSR and/or the EPS performance hurdle must be met.

TSR

The Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark for the same period. A sliding scale of vesting applies above the 50th percentile threshold.

TSR of the Group relative to TSRs of comparators	Proportion of performance rights vesting
Below 51st percentile	0%
51st percentile	50%
Between 51st percentile and 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or higher	100%

TSR over a performance period is measured against the benchmark group securities calculated at the average closing price of securities on the ASX for the calendar month period up to and including each of the first and last dates of the performance period. Distributions are assumed to be reinvested at the distribution date and any franking credits (or similar) are ignored.

EPS

The Group's compound EPS growth for the performance period must exceed 5%. A sliding scale of vesting applies above 5% threshold.

Compound EPS growth in the period	Proportion of performance rights vesting
Below 5%	0%
5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% or higher	100%

The weighting is split equally between the two performance measures.

33. Security-based payments (continued)

(b) Long Term Incentive Plan (LTIP) (continued)

(iv) Performance hurdles (continued)

The number of rights outstanding and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Valuation per right	Balance at beginning of the year	Granted	Exercised	Failed to vest	Cancelled	Balance at the end of the year
23 Aug 2013	5 Sep 2017	nil	72.3 cents	228,769	-	(125,142)	(103,627)	-	-
19 Aug 2014	31 Aug 2018	nil	143.9 cents	284,848	-	-	(142,424)	(27,961)	114,463
15 Dec 2015	31 Aug 2019	nil	112.3 cents	787,050	-	-	(262,349)	(159,826)	364,875
23 Aug 2016	31 Aug 2020	nil	151.9 cents	595,336	-	-	-	(262,992)	332,344
29 Sep 2017	31 Aug 2021	nil	47.5 cents	-	2,002,983	-	-	(478,802)	1,524,181
				1,896,003	2,002,983	(125,142)	(508,400)	(929,581)	2,335,863

The rights have an average maturity of one year and three months.

The expense recorded in the Group financial statements in the year in relation to the DSTI and LTIP performance rights was $227,775 (30 June 2017: $3,491,225). The expense recorded in the ALL Group financial statements in the year in relation to the DSTI and LTIP performance rights was $1,180,492 (30 June 2017: $3,400,593).

34. Related party disclosures

(a) 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:

Gary Weiss (appointed as a Director 3 September 2017 and as Chair 29 September 2017);
David Haslingden;
Don Morris AO;
Randy Garfield (appointed 14 August 2017);
Brad Richmond (appointed 3 September 2017);
Toni Korsanos (appointed 1 July 2018);
George Venardos (retired as Chair and Director 29 September 2017);
Roger Davis; (resigned 17 August 2018);
Melanie Willis (resigned 8 September 2017);
Simon Kelly (resigned 8 November 2017); and
Deborah Thomas (retired 1 July 2017).

(b) Parent entity

The immediate and ultimate parent entity of the Group is Ardent Leisure Trust.

The immediate and ultimate parent entity of the ALL Group is Ardent Leisure Limited.

34. Related party disclosures (continued)

(c) Key controlled entities

These financial statements incorporate the assets, liabilities and results of the following wholly-owned key subsidiaries in accordance with the accounting policy disclosure as described in Note 37(a):

Entity	Activity	Country of establishment	Class of equity securities
Controlled entities of Ardent Leisure Trust:			
Ardent Leisure Trust		Australia	Ordinary
Ardent Leisure (NZ) Trust		New Zealand	Ordinary
Controlled entities of Ardent Leisure Limited:			
Ardent Leisure Limited	Theme Parks	Australia	Ordinary
Main Event Holdings, Inc	Family Entertainment Centres	USA	Ordinary

(d) Transactions with related parties

(i) Key management personnel

	Consolidated Group 2018 $	Consolidated Group 2017 $	ALL Group 2018 $	ALL Group 2017 $
Short term employee benefits	3,362,937	4,330,985	3,362,937	4,330,985
Post-employment benefits	96,716	197,312	96,716	197,312
Termination benefits	1,676,008	731,291	1,676,008	731,291
Share-based payments	(391,492)	2,277,658	(391,492)	2,277,658
	4,744,169	7,537,246	4,744,169	7,537,246

Remuneration of key management personnel (KMP) is shown in the Directors' report from pages 14 to 33.

(e) Loans to KMP

There were no loans to KMP during the financial year or prior corresponding period.

(f) Other transactions with KMP

Any agreements entered have been on normal commercial bases and fees and transactions have been based on normal commercial terms and conditions.

No Director has entered into a material contract with the Group and there were no material contracts involving Directors' interests existing at year end not previously disclosed.

34. Related party disclosures (continued)

(g) Transactions with controlled entities

All transactions with controlled entities were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Outstanding balances are unsecured and are repayable in cash. The terms and conditions of the tax funding agreement are set out in Note 6(e). The transactions incurred in the year with controlled entities were as follows:

	Consolidated Group 2018 $	Consolidated Group 2017 $	ALL Group 2018 $	ALL Group 2017 $
Purchases of goods				
Purchase of services from related parties	(39,941)	(73,335)	(39,941)	(73,335)
Reimbursable expenses to related parties	(77,088)	(6,580)	(77,088)	(6,580)
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	35	114,696
Loans from Ardent Leisure Trust				
Balance at the beginning of the year	-	-	(61,341,068)	(128,221,273)
Loans advanced	-	-	(345,397,269)	(204,550,323)
Loan repayments made	-	-	243,075,301	275,733,857
Foreign exchange movements	-	-	(6,412,605)	21,311
Interest charged	-	-	(6,845,886)	(4,324,640)
Balance at the end of the year	-	-	(176,921,527)	(61,341,068)

35. 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 and Workplace Health and Safety Queensland (WHSQ). The first tranche of hearings in the coronial inquest took place in June 2018. The second and third tranches of the coronial inquest have been set down for two weeks in each of October 2018 and November 2018 respectively.

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. Ardent Leisure Limited maintains appropriate insurances to respond to litigation and regulatory action and a proportion of associated costs.

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

36. Capital and lease commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Property, plant and equipment				
Payable:				
Within one year	6,539	2,878	6,539	2,878
	6,539	2,878	6,539	2,878

36. Capital and lease commitments (continued)

(b) Lease commitments

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Non-cancellable operating leases	508,337	600,518	508,337	482,718
	508,337	600,518	508,337	482,718

(i) Operating leases

The majority of non-cancellable operating leases in the Group relate to property leases.

Non-cancellable operating leases in the ALL Group include base rentals payable to the Trust in accordance with the lease for Dreamworld. Further amounts are payable in respect of the property; however, the additional rental calculations are unable to be determined at reporting date as a result of the calculations being based upon future profits of the businesses.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Within one year	43,600	61,536	43,600	40,097
Later than one year but not later than five years	180,391	229,795	180,391	163,624
Later than five years	284,346	309,187	284,346	278,997
	508,337	600,518	508,337	482,718

37. Summary of significant accounting policies

(a) Principles of consolidation

As the Trust is deemed to be the parent entity under Australian Accounting Standards, a consolidated financial report has been prepared for the Group as well as a consolidated financial report for the ALL Group. The consolidated financial report of the Group combines the financial report for the Trust and ALL Group for the year. Transactions between the entities have been eliminated in the consolidated financial reports of the Group and ALL Group. Accounting for the Group is carried out in accordance with Australian Accounting Standards.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Ardent Leisure Group.

37. Summary of significant accounting policies (continued)

(a) Principles of consolidation (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate or a jointly controlled entity is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(b) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(c) Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for doubtful debts. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the period in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Group will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

The amount of any impairment loss is recognised in the Income Statement within other expenses. When a trade receivable for which a provision has been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of goods held for resale is determined by weighted average cost. Cost of catering stores (which by nature are perishable) and other inventories is determined by purchase price.

(e) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purposes of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

At each reporting date, the fair values of the investment properties are assessed by the Manager by reference to independent valuation reports or through appropriate valuation techniques adopted by the Manager. Fair value is determined assuming a long-term property investment. Specific circumstances of the owner are not taken into account.

The use of independent valuers is on a progressive basis over a three-year period, or earlier, where the Manager believes there may be a material change in the carrying value of the property.

37. Summary of significant accounting policies (continued)

(e) Investment properties (continued)

Where an independent valuation is obtained, the valuer considers the valuation under both the discounted cash flow (DCF) method and the income capitalisation method, with the adopted value generally being a mid-point of the valuations determined under these methods.

Under the DCF method, a property's fair value is estimated using the explicit assumptions regarding the benefits and liabilities of ownership over the asset's life. The DCF method involves the projection of a series of cash flows on the property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the property.

Under the income capitalisation method, the total income receivable from the property is assessed and this is capitalised in perpetuity to derive a capital value, with allowances for capital expenditure required.

Where an independent valuation is not obtained, factors taken into account where appropriate, by the Directors in determining fair value may include:

- Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- Capitalisation rates used to value the asset, market rental levels and lease expiries;
- Changes in interest rates;
- Asset replacement values;
- DCF models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

As the fair value method has been adopted for investment properties, the buildings and any component thereof are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

(f) Property, plant and equipment

Revaluation model

The revaluation model of accounting is used for Australian Theme Parks land, buildings and major rides and attractions. All other classes of property, plant and equipment (PPE) are carried at historic cost. Initially, PPE are measured at cost. For assets carried under the revaluation model, PPE is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Increases in the carrying amounts arising on revaluation of PPE are credited, net of tax, to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against the asset revaluation reserve directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset is charged to the Income Statement and depreciation based on the asset's original cost, net of tax, is transferred from the asset revaluation reserve to retained profits.

At each reporting date, the fair values of PPE are assessed by the Manager by reference to independent valuation reports or through appropriate valuation techniques adopted by the Manager. Fair value is determined assuming a long-term property investment. Specific circumstances of the owner are not taken into account.

The use of independent valuers is on a progressive basis over a three-year period, or earlier, where the Manager believes there may be a material change in the carrying value of the property.

37. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Where an independent valuation is not obtained, factors taken into account where appropriate, by the Directors in determining fair value may include:

- Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- Capitalisation rates used to value the asset, market rental levels and lease expiries;
- Changes in interest rates;
- Asset replacement values;
- DCF models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	2018	2017
Buildings	40 years	40 years
Leasehold improvements	Over life of lease	Over life of lease
Major rides and attractions	20 - 40 years	20 - 40 years
Plant and equipment	4 - 25 years	4 - 25 years
Furniture, fittings and equipment	3 - 13 years	3 - 13 years
Motor vehicles	8 years	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 37(l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. When revalued assets are sold, it is Group policy to transfer the amounts included in reserves in respect of those assets to retained profits.

(g) Leases

Where the Group has substantially all the risks and rewards of ownership, leases of property, plant and equipment are classified as finance leases. Finance leases are capitalised at inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The PPE acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(h) Investments and other financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method. The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(i) Construction in progress inventories

During the year, the Group entered into agreements with a third party to construct US Entertainment Centres for resale. Refer to Note 14.

Construction in progress inventories are valued at the lower of cost and net realisable value. Cost of construction in progress comprises the purchase price and other costs, including labour costs which are allocated in accordance with the terms of the agreements.

37. Summary of significant accounting policies (continued)

(j) Livestock

Livestock is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the animals. The fair value of the livestock is not materially different to its carrying value.

Depreciation on livestock is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over the useful lives of the assets which range from 5 to 50 years (30 June 2017: 5 to 50 years).

(k) Intangible assets

Other intangible assets

Liquor licences are amortised over the length of the licences which are between 10 and 16 years (30 June 2017: 10 and 16 years), depending on the length of the licence. Software is amortised on a straight-line basis over the period during which the benefits are expected to be received, which is between 5 and 8 years (30 June 2017: 5 and 8 years).

Goodwill

Goodwill is measured as described in Note 37(aa). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing (refer to Note 37(l)). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to Note 2).

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

(n) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowing using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Finance leases are recognised as interest bearing liabilities to the extent that the Group retains substantially all the risks and rewards of ownership.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(o) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument if hedging criteria are met, and if so, the nature of the item being hedged. The Group may designate certain derivatives as either hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges) or hedges of net investments in foreign operations (net investment hedges).

37. Summary of significant accounting policies (continued)

(o) Derivatives (continued)

The Group documents at the inception of the hedging transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 16. Movements in the cash flow hedge reserve in equity are shown in Note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months. They are classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(p) Borrowing costs

Borrowing costs are recognised as expenses using the effective interest rate method, except where they are included in the costs of qualifying assets.

Borrowing costs include interest on short term and long-term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

Borrowing costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Borrowing costs not associated with qualifying assets, are expensed in the Income Statement.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year. The average capitalisation rate used was 4.91% per annum (30 June 2017: 3.17% per annum) for Australian dollar debt and 4.82% per annum (30 June 2017: 2.16% per annum) for US dollar debt.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

37. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Where amounts are not expected to be settled within 12 months, expected future payments are discounted to their net present value using market yields at the reporting date on high quality corporate bonds.

The obligations are presented as current liabilities in the Balance Sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Profit sharing and bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Tax

The Trust is not subject to income tax. However, both of its controlled entities, Ardent Leisure (NZ) Trust and ALL Group, are subject to income tax.

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its income, as determined under the Trust Constitution, is fully distributed to unit holders, by way of cash or reinvestment. The liability for capital gains tax that may otherwise arise if the Australian properties were sold is not accounted for in these financial statements, as the Trust expects to distribute such amounts to its unit holders.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Ardent Leisure Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 8 February 2005. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

37. Summary of significant accounting policies (continued)

(s) Tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such investment allowances as tax credits. This means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flow.

(u) Equity

Incremental costs directly attributable to the issue of new stapled securities or options are recognised directly in equity as a reduction in the proceeds of stapled securities to which the costs relate. Incremental costs directly attributable to the issue of new stapled securities or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Reserves

In accordance with the Trust Constitution, amounts may be transferred from reserves or contributed equity to fund distributions.

(w) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that further economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Revenue is recognised for the major business activities as follows:

Rendering of services

Revenue from rendering of services including theme park and SkyPoint entry and bowling games is recognised when the outcome can be reliably measured and the service has taken place. Revenue relating to theme park annual passes is recognised as the passes are used.

Sale of goods

Revenue from sale of goods including merchandise and food and beverage items is recognised when the risks and rewards of ownership have passed to the buyer.

Rental revenue

Rental income represents income earned from the sub-lease of investment properties leased by the Group, and is brought to account on a straight-line basis over the lease term.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(x) Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

37. Summary of significant accounting policies (continued)

(x) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or they are attributable to part of the net investment in a foreign operation.

Foreign operations

Assets and liabilities of foreign controlled entities are translated at exchange rates ruling at reporting date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities are taken directly to the foreign currency translation reserve. On consolidation, exchange differences on loans denominated in foreign currencies, where the loan is considered part of the net investment in that foreign operation, are taken directly to the foreign currency translation reserve. At 26 June 2018, the spot rate used was A$1.00 = NZ$1.0751 (2017: A$1.00 = NZ$1.0500) and A$1.00 = US$0.7416 (2017: A$1.00 = US$0.7692). The average spot rate during the year ended 26 June 2018 was A$1.00 = NZ$1.0878 (2017: A$1.00 = NZ$1.0573) and A$1.00 = US$0.7752 (2017: A$1.00 = US$0.7542).

(y) Segment information

Segment income, expenditure, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables (net of any related provisions) and investments. Any assets used jointly by segments are allocated based on reasonable estimates of usage.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The main income statement items used by management to assess each of the divisions are divisional revenue, divisional EBITDA and divisional EBIT.

(z) Earnings per stapled security

Basic earnings per stapled security are determined by dividing profit by the weighted average number of ordinary stapled securities on issue during the period.

Diluted earnings per stapled security are determined by dividing the profit by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities on issue during the period.

(aa) Fair value estimation

The Group measures financial instruments, such as derivatives and investments held at fair value and non-financial assets such as investment properties at fair value at each balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

37. Summary of significant accounting policies (continued)

(aa) Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(ab) Dividends/distributions

Provision is made for the amount of any dividend/distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the reporting date.

(ac) Treasury securities

Own equity instruments that are reacquired (treasury securities) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued to employees under the Group's LTIP and DSTI, is recognised in the share-based payments reserve. Performance rights vesting during the reporting period may be satisfied with treasury securities.

(ad) Parent entity financial information

The financial information for the parent entity of the Group (Ardent Leisure Trust) and ALL Group (Ardent Leisure Limited) has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost in the financial statements of the parent entities. Dividends received from associates and jointly controlled entities are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Ardent Leisure Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Ardent Leisure Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Ardent Leisure Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Ardent Leisure Limited for any current tax payable assumed and are compensated by Ardent Leisure Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ardent Leisure Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

37. Summary of significant accounting policies (continued)

(ad) Parent entity financial information (continued)

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Share-based payments

The grant by the parent entity of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(ae) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Income Statement.

(af) Financial assets

Investments held at fair value

The investments held at fair value are classified as available-for-sale (AFS) financial assets. The AFS financial assets include investments in unlisted equity shares. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the Income Statement.

The Group assesses at each reporting date whether there is objective evidence that the investment is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement – is removed from other comprehensive income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

37. Summary of significant accounting policies (continued)

(ag) 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 27 June 2018 but which the Group has not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have a significant impact on the financial statements of the Group. The Group's and the parent entity'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 June 2019.

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

The AASB has issued a new Standard for the recognition of revenue, AASB 15 *Revenue from Contracts with Customers*, which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of revenue-related Interpretations.

The new Standard establishes a new revenue recognition model, changes the basis for deciding whether revenue is to be recognised over time or at a point in time, provides new and more detailed guidance on specific topics, and expands and improves disclosures about revenue.

The core principle of the new Standard is that revenue must be recognised when goods or services are transferred to the customer, at the transaction price. A five-step model has been established in the Standard which allows for each of the Group's revenue streams to be recognised in line with this core principle.

The new Standard became effective for annual reporting periods beginning on or after 1 January 2018, therefore first becomes effective for the Group for the financial year beginning 27 June 2018 (FY19).

Restatement approach

The Group will use the modified retrospective approach (cumulative effect method) at the date of initial application. Therefore, the cumulative effect of initially applying the new Standard shall be recorded as an adjustment to the opening balance of retained earnings at 27 June 2018. No restatement of comparative period balances are required under this approach.

Impact on Themeparks

The most significant impact of the new Standard on the Themeparks division is on the revenue recognised relating to entry to the park under multi-day passes. Currently, revenue for all passes is recognised as passes are used.

Under the new Standard, revenue for all passes is required to be recognised on a straight-line basis over the period that the pass allows access to the park. Some of the passes offered allow access to the park for a fixed period of time after the initial visit, in which case payments made upfront shall be treated as deferred income until the initial visit and revenue recognised over a straight-line basis over the remaining fixed period following the initial visit.

Other passes are for specific time periods only, such as the seasonal passes which provides access to the park from the time of purchase to a specific expiry date, generally December or June. For these passes revenue shall be recognised on a straight-line basis over the period that the pass relates to regardless of the timing of the customers initial visit, with any payment received upfront being treated as deferred income until the first day that the seasonal pass allows access to the park.

Therefore, for all multi-day passes, revenue will be deferred under the new Standard and recognised on a straight-line basis over the period of the pass rather than recognised on a usage basis per the current policy.

The deferred income balance at 26 June 2018 was $6.6 million, with revenue already being partly recognised for open passes that still allow customers entry to the theme park. The amount of revenue relating to these open passes that would have been deferred at 26 June 2018 under the new Standard is $1.4 million, resulting in a required opening total deferred income balance of $8.0 million under the new Standard. Therefore, under the modified retrospective approach, a reduction of $1.4 million shall be made as an adjustment to the opening retained earnings with a corresponding increase in deferred income at 26 June 2018, with this revenue to be recognised on a straight-line basis over the remaining period for which customers have access to the theme park.

37. Summary of significant accounting policies (continued)

(ag) New accounting standards, amendments and interpretations (continued)

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

Impact on Main Event

For Main Event, the impact of the new Standard is expected to be minimal on the timing of revenue recognition due to the majority of products/services being provided on the same day.

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

The 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 realised (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 will conduct 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 June 2020.

Early adoption of standards

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

(ah) Rounding

The Group has relied on the relief provided by 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 financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

38. Parent entity financial information

(a) Summary financial information

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Balance sheet				
Current assets	4,588	124,555	14,797	27,490
Total assets	283,131	456,784	252,060	244,884
Current liabilities	4,458	70,106	27,318	22,860
Total liabilities	10,057	96,002	120,955	80,969
Equity				
Contributed equity	494,607	491,751	172,123	170,698
Reserves	-	(940)	-	-
Accumulated losses	(221,533)	(130,029)	(41,018)	(6,784)
Total equity	273,074	360,782	131,105	163,914
(Loss)/profit for the year	(77,416)	(79,377)	(34,234)	1,880
Total comprehensive (loss)/income for the year	(77,416)	(79,377)	(34,234)	1,880

38. Parent entity financial information (continued)

(b) Guarantees

In June 2013, Ardent Leisure Trust and Ardent Leisure Limited entered into an agreement to guarantee the obligations of Ardent Leisure US Holding Inc. (a wholly-owned subsidiary of Ardent Leisure Limited) under the terms of the Group's extended syndicated facility arrangements as disclosed in Note 25.

Excluding the above, there are no other material guarantees entered into by Ardent Leisure Limited and Ardent Leisure Trust in relation to the debts of their subsidiaries.

(c) 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 and Workplace Health and Safety Queensland (WHSQ). The first tranche of hearings in the coronial inquest took place in June 2018. The second and third tranches of the coronial inquest have been set down for two weeks in each of October 2018 and November 2018 respectively.

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. Ardent Leisure Limited maintains appropriate insurances to respond to litigation and regulatory action and a proportion of associated costs.

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

(d) Contractual commitments for the acquisition of property, plant and equipment

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated Group 2018 $'000	Consolidated Group 2017 $'000	ALL Group 2018 $'000	ALL Group 2017 $'000
Property, plant and equipment				
Payable:				
Within one year	-	-	6,539	75
	-	-	6,539	75

Commitments with respect to the above property, plant and equipment have been incurred by ALL on behalf of the Trust for the Australian and New Zealand geographic segments totalling $nil (30 June 2017: $75,000). Any commitments relating to the Australian and New Zealand geographic segments will therefore be subsequently reimbursed by the Trust the month following payment.

39. Events occurring after reporting date

Subsequent to 26 June 2018, a distribution of 6.5 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $30.6 million will be paid on or before 31 August 2018 in respect of the half year ended 26 June 2018.

Roger Davis resigned as a Director of the Board on 17 August 2018.

Since the end of the financial year, the Directors of the Manager and ALL are not aware of any other matters or circumstances not otherwise dealt with in financial report or the Directors' report that have 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 years subsequent to the year ended 26 June 2018.

Directors' declaration to stapled security holders

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

(a) The 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 39 to 109 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 June 2018 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the financial year ended on that date;

(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; and

(c) Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board.

The Directors have been given the certifications required by section 295A of the Corporations Act 2001.

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

Gary Weiss
Chairman

Toni Korsanos
Director

Sydney
21 August 2018

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Independent Auditor's Report to Stapled Security Holders

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ardent Leisure Group (collectively 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 Group and the ALL Group consolidated balance sheets as at 26 June 2018
- The Group and the ALL Group consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended
- Notes to the financial statements, including a summary of significant accounting policies; and the directors' declaration

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's and the ALL Group's financial position as at 26 June 2018 and of their financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of Theme Parks

Group: Note 11
ALL Group: KAM not applicable

Why significant	How our audit addressed the key audit matter
Theme Park assets are carried in the Group's statement of financial position at 26 June 2018 at a fair value of $113,644,000. The Group recognised a valuation decrement of $75,753,000 in the fair value of Theme Park assets in the year ended 26 June 2018. The Group engaged an external valuation expert at both 31 December 2017 and 26 June 2018 to assist in the valuation of the Theme Park assets. The valuations prepared by the expert are based upon a number of assumptions which are judgmental in nature, including cash flow forecasts, discount rates and growth rates. We considered this to be a key audit matter given the asset value, magnitude of the revaluation decrement and the significant unobservable inputs associated with the valuations as described in Note 11.	Our audit procedures included the following: ► We considered the competence, capability and objectivity of the external valuation experts and evaluated the scope and methodology they used in their valuations ► We involved our real estate valuation specialists to assist us in evaluating the appropriateness of the methodology and the reasonableness of certain key assumptions used in the Group's external valuation ► We tested the mathematical accuracy of cash flow models and agreed relevant data used by the external valuation expert to Board approved budgets for 2019 ► We also considered the historical accuracy of both management and the external valuation expert in forecasting future cash flows and growth rates ► We assessed the adequacy of the Group's disclosures in respect of asset carrying values, key assumptions and sensitivity analysis in Note 11 to the financial statements

Divestment of Marinas and Bowling & Entertainment Centres

Group: Note 27
ALL Group: Note 27

Why significant	How our audit addressed the key audit matter
The Group and ALL Group completed the following divestments during the financial year: ► On 14 August 2017, the Group and the ALL Group completed the sale of the Marinas operating segment for cash proceeds of $126,000,000 and a post-tax gain of $4,668,000 (Group) and $20,027,000 (ALL Group) ► On 30 April 2018, the Group and the ALL Group completed the sale of the Bowling & Entertainment Centres operating segment for cash proceeds of $160,000,000 and a post-tax gain of $20,319,000 (Group) and $6,772,000 (ALL Group) The results of both segments are presented as part of discontinued operations as at 26 June 2018 and for the period then ended. This was considered a key audit matter given the significance of the disposals and the extent of financial reporting disclosures required and included in Note 27.	Our audit procedures included the following: ► We read the sales documents and related contracts and agreed the sale proceeds to cash received ► We assessed whether the gains on sale had been correctly calculated and presented in the financial report ► We evaluated the adjustments to the comparative balances in the financial report related to the sale of Marinas and Bowling & Entertainment Centres and confirmed the discontinued operations were disclosed in accordance with Australian Accounting Standards

Dreamworld Contingencies

Group: Note 17 and Note 35
ALL Group: Note 17 and Note 35

Why significant	How our audit addressed the key audit matter
On 25 October 2016, an accident occurred on the Thunder River Rapids ride at the Dreamworld which resulted in four fatalities. Following this incident, Ardent Leisure Limited and certain of its group companies are party to legal proceedings, including civil, regulatory investigation by Workplace Health and Safety Queensland (WHSQ) and an ongoing coronial inquest investigation. Although the Group expects a claim to be filed by the regulator, WHSQ, there has been no formal action or litigation initiated. The coronial inquest proceedings are ongoing and timing of completion of this investigation and subsequent issuance of any report by the coroner are unknown. Until such time that the Group has a present or clear constructive obligation that can be estimated reliably, no provisions have been recognised. We have considered legal and regulatory matters to be a key audit matter due to the significance of these ongoing matters and the inherent risk that legal exposures are not identified, recorded and/or disclosed in the financial report. The recognition of provisions and the basis of measurement and the disclosure of contingent liabilities requires significant judgement. Note 17 Payables and Note 35 Contingent Liabilities contains disclosures and accounting policies related to provisions and (contingent) liabilities related to this incident.	Our audit procedures included the following: ► We discussed the status of each key legal and regulatory matter with internal legal counsel ► We considered the responses we received to the requests we made of the Group's external lawyers related to these matters and inspected relevant regulatory, litigation, and insurance documents ► We considered whether any financial obligations exist, and assessed the extent to which provisions and related note disclosures may be required based on the facts and circumstances available ► We considered events and information that arose subsequent to balance date relating to these matters ► We considered whether the disclosures of the application of judgement in estimating provisions and disclosing contingent liabilities adequately reflected the uncertainties associated with the legal and regulatory matters

Valuation of Property Plant and Equipment at Main Event

Group: Note 11
ALL Group: Note 11

Why significant	How our audit addressed the key audit matter

The Group and ALL Group has $340,323,000 of property, plant and equipment held at cost as at 26 June 2018 related to Main Event.
 	
The Group and ALL Group performed an impairment test at 26 June 2018 related to the recoverability of property, plant and equipment at each Main Event location. This resulted in an impairment loss of $38,416,000 being recognised at five specific locations.
 	
This was considered a key audit matter due to the significance of property, plant and equipment and the judgmental nature of the assumptions underlying the discounted cash flows used in determining the recoverable amount.
 	
Note 11 and Note 37 of the financial report discusses the accounting policy related to these assets.
	Our audit procedures included the following:
	► We considered the reasonableness of the cash flows used in the model as follows:
	  ► We assessed the historical accuracy of cash flow forecasting
	  ► We compared the cash flows used in the model to Board approved budgets and forecasts, including projections of future growth and capital expenditure
	  ► We tested the mathematical accuracy of the discounted cash flow model
	► We considered the assumptions in respect of the discount rate used in the model, as follows:
	  ► We agreed key inputs to externally-derived data where appropriate
	  ► We conducted our own assessments with respect to other key inputs, such as projected growth, gearing, and certain market and site-specific factors that contribute to cash flow forecasting risk
	  ► Our valuation specialists assisted in assessing the overall discount rate used in the model with reference to internally developed benchmarks which are based on market data and industry research

Valuation of Goodwill at Main Event

Group: Note 12
ALL Group: Note 12

Why significant	How our audit addressed the key audit matter

The Group and ALL Group has $56.4 million of goodwill recorded predominantly in the Main Event cash generating unit (CGU).
 	
The Group and ALL Group performed an impairment test as at 26 June 2018 which concluded that no impairment was required.
 	
This was considered a key audit matter due to the relative size of the goodwill balance and the judgemental nature of the assumptions underlying the discounted cash flows used in determining the recoverable amount.
 	
Note 12 of the financial report discusses the accounting policy related to these assets and discloses the sensitivity of these valuations to changes in key assumptions.
	Our audit procedures included the following:
	► We assessed the identification of CGUs with reference to the requirements of Australian accounting standards.
	► We considered the reasonableness of the cash flows used in the model as follows:
	  ► We assessed the historical accuracy of cash flow forecasting,
	  ► We compared the cash flows used in the model to approved budgets and forecasts, including projections of future growth and capital expenditure.
	  ► We tested the mathematical accuracy of the discounted cash flow model.
	► We considered the assumptions in respect of the discount rate used in the model, as follows:
	  ► We agreed key inputs to externally-derived data where appropriate.
	  ► We conducted our own assessments with respect to other key inputs, such as projected growth, gearing, and certain market and CGU-specific factors that contribute to cash flow forecasting risk.
	  ► Our valuation specialists assisted in assessing the overall discount rate used in the model with reference to internally developed benchmarks which are based on market data and industry research.
	► We performed scenario-specific sensitivity tests including changes to the discount rate, forecast cash flows and projected capital expenditure.
	► We evaluated whether the disclosures concerning sensitivities to changes in key assumptions reflected the risks inherent in the valuation of goodwill as well as our knowledge of the business.

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Revenue Recognition

Group: Note 3 and Note 37(w)
ALL Group: Note 3 and Note 37(w)

Why significant	How our audit addressed the key audit matter
The Group earns revenue from a variety of sources within the Theme Parks and Main Event business segments, some of which is unearned and required to be deferred at 26 June 2018. The risks associated with accurate recording of revenue vary based on the nature of the transaction, method of processing, and certain judgements made by management. We considered this to be a key audit matter given the high volume of transactions, the variety of systems used to record and report revenue throughout the Group and judgements made relating to deferred revenue. Note 37(w) of the financial report discusses the accounting policies adopted by the Group.	Our audit procedures included the following: ► For each significant source of revenue, we selected a sample of transactions to assess whether the measurement and timing of revenue recognised was in accordance with the terms of the arrangement with the customer and the Group's revenue recognition policies. ► We assessed whether the Group's accounting policies met the requirements of Australian Accounting Standards. ► We evaluated the appropriateness of accounting entries impacting revenue and deferred revenue, as well as other adjustments made in the preparation of the financial statements. ► We also considered the adequacy of the Group's disclosures and the accounting policies included in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of Ardent Leisure Limited and Ardent Leisure Management Limited, the responsible entity of the Ardent Leisure Trust, (the "directors") are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Group and the ALL Group to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the ALL Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's or ALL Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or ALL Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or ALL Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and ALL Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

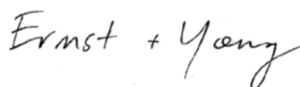
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 33 of the directors' report for the year ended 26 June 2018.

In our opinion, the Remuneration Report of Ardent Leisure Limited for the year ended 26 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young

John Robinson
Partner
Sydney
21 August 2018