APPENDIX 4D

Half Year Report
for the period ended 31 December 2019

Name of Entity: Ardent Leisure Group Limited (ASX: ALG) (ABN 51 628 881 603)

Results for announcement to the market

				$'000
Revenue from ordinary activities	Increased	16.1%	to	263,233
Loss from ordinary activities after tax attributable to members	Increased	3.1%	to	(22,498)
Net loss for the period attributable to members	Increased	3.1%	to	(22,498)

Dividends/Distributions	**Amount per stapled security**
Current Period: Interim dividend	Nil
Previous Corresponding Period: Interim distribution	Nil
Record date for determining entitlements to the dividend	N/A

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

The Group reported a net loss of $22.5 million for the period ended 31 December 2019 (comprising 27 weeks), compared to a net loss of $21.8 million in the prior reporting period ended 25 December 2018 (comprising 26 weeks).

The current period was impacted by the adoption of AASB 16 *Leases*, the new lease accounting standard. This has affected comparability of the half year results due to a significant part of the associated expenses now being reported below EBITDA as “amortisation of lease assets” and “lease interest expense”, as well as these costs being higher under the new accounting standard. After adjusting for the impact of the extra week ($16.0 million revenue, $5.8 million EBITDA) and the change in accounting standard ($23.5 million EBITDA) in the current period result, the Group reported proforma revenue of $247.2 million (December 2018: $226.7 million) and proforma EBITDA of $14.9 million (December 2018: $0.2 million).

Total revenue of $263.2 million for the Group increased by $36.6 million ($20.5 million on a like-for-like 26 weeks basis) and total reported EBITDA of $44.2 million increased by $44.0 million ($38.2 million on a like-for-like basis) compared to the prior period, driven by growth in both Main Event and Theme Parks businesses

Reported segment EBITDA of $44.2 million for the current period has been impacted by a number of specific items as disclosed in the Interim Financial Report, the most notable being the new lease accounting standard as noted above. After adjusting for the specific items disclosed, including the impact of the new standard, EBITDA was $24.8 million, which is $11.1 million higher than the prior period.

Refer to the attached Interim Financial Report for the period ended 31 December for further commentary on the financial performance of the Group.

Details of Dividends/Distributions

Refer attached financial statements (Directors Report and Note 9: Dividends and Distributions paid and payable).

Details of Dividend/Distribution Reinvestment Plan

N/A

Net Tangible Assets

	Current period **31 December 2019**	**Previous corresponding Period** **25 December 2018**
Net tangible asset backing per security*	$0.59	$0.73
Net tangible asset backing per security after dividend	$0.59	$0.73

* 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).

Control Gained or Lost over Entities during the Period

Name of entity (or group of entities) over which control was gained:	Nil
Date control was gained	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	Nil
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	Nil

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

Details of Associates and Joint Venture entities

N/A

Accounting standards used by foreign entities

N/A

Qualification of audit/review

Not applicable as there is no review dispute or qualification.

Refer attached interim financial report for the independent auditor’s review report.

Interim Financial Report
for the period 26 June 2019 to 31 December 2019

The interim financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 20 February 2020. The Directors have the power to amend and reissue the interim financial report.

Interim Financial Report

Directors' report

The Directors of Ardent Leisure Group Limited (Company) present their report together with the consolidated interim financial report of the Company and its controlled entities (collectively, the Group) for the period from 26 June 2019 to 31 December 2019.

Ardent Leisure Group 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.

1. Directors

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

Gary Weiss AM;
David Haslingden;
Randy Garfield;
Brad Richmond; and
Antonia Korsanos.

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. There were no significant changes in the nature of the activities of the Group during the period.

3. Dividends

No interim dividend was paid or declared for the half year ended 31 December 2019 (25 December 2018: nil).

Directors' report

4. Review of results of operations

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, two businesses contributed to the overall result: Main Event and Theme Parks.

The performance of the Group, as represented by the aggregated results of its operations for the period from 26 June 2019 to 31 December 2019 (189 days), was as follows:

26 June 2019 to 31 December 2019	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing Operations $'000	Discontinued Operations $'000	Total $'000
Segment revenue	**224,306**	**38,694**	**233**	**263,233**	**-**	**263,233**
Segment EBITDA	**52,300**	**(4,272)**	**(3,892)**	**44,136**	**20**	**44,156**
Depreciation and amortisation	(26,577)	(4,943)	(295)	(31,815)	-	(31,815)
Amortisation of lease assets	(13,435)	(48)	(61)	(13,544)	-	(13,544)
Segment EBIT	**12,288**	**(9,263)**	**(4,248)**	**(1,223)**	**20**	**(1,203)**
Borrowing costs				(11,923)	-	(11,923)
Lease interest expense				(17,546)	-	(17,546)
Interest income				533	-	533
Net loss before tax				**(30,159)**	**20**	**(30,139)**
Income tax benefit				7,641	-	7,641
Net loss after tax				**(22,518)**	**20**	**(22,498)**
The segment EBITDA above has been impacted by the following specific items:						
Valuation gain/(loss) on assets	1,718	(1,941)	390	167	-	167
Pre-opening expenses	(1,652)	-	-	(1,652)	-	(1,652)
Dreamworld incident costs, net of insurance recoveries	-	(337)	-	(337)	-	(337)
Restructuring and other non-recurring items	(592)	-	(248)	(840)	20	(820)
Reduction in rent due to adoption of new lease accounting standard, AASB 16 *Leases*	23,354	52	63	23,469	-	23,469
Loss on disposal of assets	-	(321)	-	(321)	-	(321)
Early termination of Main Event lease	(1,139)	-	-	(1,139)	-	(1,139)
	21,689	**(2,547)**	**205**	**19,347**	**20**	**19,367**
The net loss after tax above has also been impacted by the following specific items:						
Incremental lease asset amortisation and lease interest expense on adoption of AASB 16 *Leases*	(30,974)	(51)	(65)	(31,090)	-	(31,090)
Tax impact of specific items listed above	1,950	779	(42)	2,687	-	2,687
	(29,024)	**728**	**(107)**	**(28,403)**	**-**	**(28,403)**

4. Review and results of operations (continued)

The performance of the Group, as represented by the aggregated results of its operations for the period from 27 June 2018 to 25 December 2018 (182 days), was as follows:

27 June 2018 to 25 December 2018	Main Event	Theme Parks	Corporate	Continuing Operations	Discontinued Operations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	**192,312**	**34,362**	**2**	**226,676**	**-**	**226,676**
Segment EBITDA	**22,071**	**(12,406)**	**(9,207)**	**458**	**(284)**	**174**
Depreciation and amortisation	(18,680)	(4,756)	(502)	(23,938)	-	(23,938)
Segment EBIT	**3,391**	**(17,162)**	**(9,709)**	**(23,480)**	**(284)**	**(23,764)**
Borrowing costs				(1,487)	-	(1,487)
Interest income				15	-	15
Net loss before tax				**(24,952)**	**(284)**	**(25,236)**
Income tax benefit				3,421	-	3,421
Net loss after tax				**(21,531)**	**(284)**	**(21,815)**
The segment EBITDA above has been impacted by the following specific items:						
Pre-opening expenses	(1,472)	-	-	(1,472)	-	(1,472)
Dreamworld incident costs, net of insurance recoveries	-	(5,321)	-	(5,321)	-	(5,321)
Restructuring and other non-recurring items	(2,645)	(1,952)	(3,476)	(8,073)	-	(8,073)
Selling costs associated with discontinued operations	-	-	-	-	(284)	(284)
Gain/(loss) on disposal of assets	2,020	(50)	(327)	1,643	-	1,643
	(2,097)	**(7,323)**	**(3,803)**	**(13,223)**	**(284)**	**(13,507)**
The net loss after tax above has also been impacted by the following specific items:						
Tax impact of destapling and corporatisation	-	-	5,379	5,379	-	5,379
Current period tax losses not recognised as a deferred tax asset	-	-	(7,590)	(7,590)	-	(7,590)
Tax impact of specific items listed above	440	2,197	1,141	3,778	-	3,778
	440	**2,197**	**(1,070)**	**1,567**	**-**	**1,567**

The Group recorded a net loss after tax of $22.5 million for the period ended 31 December 2019 (comprising 27 weeks) compared to a net loss of $21.8 million in the prior period ending 25 December 2018 (comprising 26 weeks).

The current period was impacted by the adoption of AASB 16 *Leases*, the new lease accounting standard. This has affected comparability of the half year results due to a significant part of the associated expenses now being reported below EBITDA as "amortisation of lease assets" and "lease interest expense", as well as these costs being higher under the new accounting standard. After adjusting for the impact of the extra week ($16.0 million revenue, $5.8 million EBITDA) and the change in accounting standard ($23.5 million EBITDA) in the current period result, the Group reported pro forma revenue of $247.2 million (December 2018: $226.7 million) and proforma EBITDA of $14.9 million (December 2018: $0.2 million).

Total revenue of $263.2 million for the Group increased by $36.6 million ($20.5 million on a like-for-like 26 weeks basis) and total reported EBITDA of $44.2 million increased by $44.0 million ($38.2 million on a like-for-like basis) compared to the prior period, driven by growth in both Main Event and Theme Parks businesses.

Reported segment EBITDA of $44.2 million for the current period has been impacted by a number of specific items as disclosed in the tables above. After adjusting for the specific items disclosed, including the impact of the new lease standard, EBITDA was $24.8 million, which is $11.1 million higher than the prior period.

4. Review and results of operations (continued)

The performance of the Group compared to prior period is mainly driven by the following factors:

- Incremental revenue of $16.0 million and EBITDA of $5.8 million due to the current period including one extra week of trading results;
- Incremental revenue and EBITDA in Main Event due to full period contributions from one new centre that opened during the prior year and one new centre that opened during the current period, combined with positive growth of 1.0% in Main Event constant centres' revenue on a like-for-like basis;
- Improved trading performance in Theme Parks, with increased attendances and average spend per person;
- A net valuation gain on assets of $0.2 million, comprising a $1.7 million reversal of impairment of property, plant and equipment relating to a previously impaired Main Event centre and a valuation gain of $0.4 million relating to an investment held at fair value, offset by a valuation loss of $1.9 million relating to a decommissioned ride classified as held for sale in Dreamworld;
- A $5.0 million reduction in costs relating to the Thunder River Rapids ride incident at Dreamworld, net of insurance recoveries, to $0.3 million (25 December 2018: $5.3 million) and a $7.2 million reduction in restructuring and other non-recurring items;
- An increase in tax benefit mainly due to the prior period including a $7.6 million tax expense relating to tax losses not recognised as deferred tax assets, partially offset by a $5.4 million tax benefit on destapling and corporatisation of the Group; .
- An increase in depreciation and amortisation to $31.8 million (25 December 2018: $23.9 million) mainly due to new Main Event centres opened in the current and prior periods as well as a change in useful lives of certain assets;
- $13.5 million of amortisation relating to lease assets and $17.5 million of interest on lease liabilities being recognised for the first time as a result of adoption of AASB 16 *Leases*, the new lease accounting standard (25 December 2018: Nil). Property rental costs of $21.2 million were instead recorded in the prior period; and
- An increase in borrowing costs to $11.9 million (25 December 2018: $1.5 million) due to completion of refinancing in April 2019 with the Group securing a larger debt facility at higher margins compared to previous financing in place.

As noted in the June 2019 annual report, the Group has been in discussions with the Australian Taxation Office (ATO) regarding the tax treatment of intragroup leases by the previous stapled group in prior years. In October 2019, a settlement was reached with the ATO under which the Group will be required to make further tax payments totalling $15.9 million. Of this, $5.9 million was paid during the period with the remainder being payable on deferred settlement terms. The full liability was recognised in the June 2019 financial statements and there has been no further financial impact in the current period. Under the deferred settlement terms, the ATO has taken security over the freehold and business assets of SkyPoint until such time as the tax liability is fully repaid.

5. 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 6.

6. Rounding of amounts to the nearest thousand dollars

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

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

Gary Weiss AM
Chairman

Antonia Korsanos
Director

Sydney
20 February 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Ardent Leisure Group Limited

As lead auditor for the review of the half-year financial report of Ardent Leisure Group Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

This declaration is in respect of Ardent Leisure Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst + Young

John Robinson
Partner
20 February 2020

Income Statement
for the half year ended 31 December 2019

	Note	December 2019 $'000	December 2018 $'000
Income			
Revenue from operating activities	3	263,233	226,676
Interest income		533	15
Reversal of previous impairment loss		1,718	-
Valuation gain - investment held at fair value		390	-
Other income		1,171	6,767
Total income		**267,045**	**233,458**
Expenses			
Purchases of finished goods		36,658	32,151
Salary and employee benefits		108,913	100,205
Finance costs	4	29,469	1,487
Property expenses		10,565	29,084
Depreciation and amortisation		45,359	23,938
Loss on disposal of assets		321	377
Advertising and promotions		14,556	12,723
Repairs and maintenance		16,112	14,951
Pre-opening expenses		1,652	1,472
Valuation loss - asset held for sale		1,941	-
Net loss from derivative financial instruments		339	341
Dreamworld incident costs		1,508	9,967
Other expenses		29,811	31,714
Total expenses		**297,204**	**258,410**
Loss before tax benefit		**(30,159)**	**(24,952)**
Income tax benefit	5	7,641	3,421
Loss from continuing operations		**(22,518)**	**(21,531)**
Profit/(loss) from discontinued operations, net of tax		20	(284)
Loss for the half year		**(22,498)**	**(21,815)**
Attributable to:			
Ordinary shareholders		**(22,498)**	**(21,815)**

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

Total basic losses per share (cents)	11	(4.69)	(4.58)
Basic losses per share (cents) from continuing operations	11	(4.69)	(4.52)
Total diluted losses per share (cents)	11	(4.69)	(4.58)
Diluted losses per share (cents) from continuing operations	11	(4.69)	(4.52)

Statement of Comprehensive Income
for the half year ended 31 December 2019

	Note	December 2019 $'000	December 2018 $'000
Loss for the half year		(22,498)	(21,815)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Foreign exchange translation difference	13	(741)	15,642
Other comprehensive (loss)/income for the half year, net of tax		**(741)**	**15,642**
Total comprehensive loss for the half year, net of tax		**(23,239)**	**(6,173)**
Attributable to:			
Ordinary shareholders		(23,239)	(6,173)
Total comprehensive loss for the half year, net of tax		**(23,239)**	**(6,173)**
Total comprehensive loss for the half year, net of tax attributable to shareholders, arises from:			
Continuing operations		(23,259)	(5,889)
Discontinued operations		20	(284)
Total comprehensive loss for the half year, net of tax		**(23,239)**	**(6,173)**

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

Balance Sheet
as at 31 December 2019

	Note	December 2019 $'000	June 2019 $'000
Current assets			
Cash and cash equivalents		57,926	92,332
Receivables		10,079	12,524
Derivative financial instruments	9	-	13
Inventories		8,941	7,782
Assets classified as held for sale		1,427	-
Construction in progress inventories	8	14,621	578
Other		8,930	8,427
Total current assets		**101,924**	**121,656**
Non-current assets			
Property, plant and equipment	6	505,631	478,641
Right-of-use assets	16	320,854	-
Investments held at fair value		3,201	2,811
Derivative financial instruments	9	98	177
Livestock		212	220
Intangible assets	7	79,851	78,973
Deferred tax assets		26,764	22,845
Total non-current assets		**936,611**	**583,667**
Total assets		**1,038,535**	**705,323**
Current liabilities			
Payables		77,568	69,195
Construction in progress deposits	8	13,886	-
Derivative financial instruments	9	708	-
Interest bearing liabilities	15	20,091	1,796
Current tax liabilities		2,178	6,415
Provisions		1,992	1,512
Other		3,064	4,294
Total current liabilities		**119,487**	**83,212**
Non-current liabilities			
Payables		-	37,603
Derivative financial instruments	9	35	505
Interest bearing liabilities	15	534,538	167,633
Provisions		2,958	5,962
Non-current tax liabilities		8,750	10,000
Deferred tax liabilities		11,245	15,306
Total non-current liabilities		**557,526**	**237,009**
Total liabilities		**677,013**	**320,221**
Net assets		**361,522**	**385,102**
Equity			
Contributed equity	12	777,124	777,124
Other equity		-	(148)
Reserves	13	(92,868)	(92,039)
Accumulated losses	14	(322,734)	(299,835)
Total equity		**361,522**	**385,102**

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

Statement of Changes in Equity
for the half year ended 31 December 2019

	Note	Contributed equity $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Total equity at 27 June 2018		666,731	(1,405)	(14,246)	(206,962)	444,118
Impact of change in revenue accounting standard, AASB 15		-	-	-	(1,401)	(1,401)
Total restated equity at 27 June 2018		666,731	(1,405)	(14,246)	(208,363)	442,717
Loss for the half year		-	-	-	(21,815)	(21,815)
Other comprehensive income for the half year		-	-	15,642	-	15,642
Total comprehensive income/(loss) for the half year		**-**	**-**	**15,642**	**(21,815)**	**(6,173)**
Transactions with owners in their capacity as owners:						
Equity-based payments		-	-	(574)	-	(574)
Contributions of equity, net of issue costs		16,302	-	-	-	16,302
Distributions paid and payable	10, 14	-	-	-	(30,637)	(30,637)
Issuance of treasury securities		-	1,079	-	-	1,079
Distributions received from treasury securities	14	-	-	-	42	42
Impact of corporate restructure	13	94,091	-	(94,091)	-	-
Total equity at 25 December 2018		**777,124**	**(326)**	**(93,269)**	**(260,773)**	**422,756**
Total equity at 26 June 2019		777,124	(148)	(92,039)	(299,835)	385,102
Impact of change in lease accounting standard, AASB 16	14	-	-	-	(352)	(352)
Total restated equity at 26 June 2019		777,124	(148)	(92,039)	(300,187)	384,750
Loss for the half year		-	-	-	(22,498)	(22,498)
Other comprehensive loss for the half year	13, 14	-	-	(692)	(49)	(741)
Total comprehensive loss for the half year		**-**	**-**	**(692)**	**(22,547)**	**(23,239)**
Transactions with owners in their capacity as owners:						
Equity-based payments	13	-	-	(137)	-	(137)
Issuance of treasury securities		-	148	-	-	148
Total equity at 31 December 2019		**777,124**	**-**	**(92,868)**	**(322,734)**	**361,522**

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

Statement of Cash Flows
for the half year ended 31 December 2019

	December 2019 $'000	December 2018 $'000
Cash flows from operating activities		
Receipts from customers	294,574	252,757
Payments to suppliers and employees	(232,551)	(241,654)
Property expenses paid	(10,541)	(29,402)
Payments for construction in progress inventories	(14,391)	(8,494)
Deposits received for construction in progress	13,987	6,358
Interest received	533	15
US and New Zealand withholding tax paid	-	(194)
Insurance recoveries	2,962	5,162
Income tax (paid)/refund	(5,996)	319
Net cash flows from operating activities	**48,577**	**(15,133)**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(60,486)	(40,564)
Proceeds from the sale of plant and equipment	82	31
Proceeds from the sale of Bowling & Entertainment	-	2,665
Insurance recoveries relating to damaged assets	-	2,021
Net cash flows from investing activities	**(60,404)**	**(35,847)**
Cash flows from financing activities		
Proceeds from loans	22,170	382,437
Repayments of loans	(8,528)	(314,054)
Payment of principal portion of lease liabilities	(11,425)	-
Lease interest paid	(13,742)	-
Loan interest paid	(11,250)	(1,626)
Costs of issue of shares/securities	-	(30)
Distributions received from treasury shares/securities	-	42
Distributions paid to share/security holders	-	(14,306)
Net cash flows from financing activities	**(22,775)**	**52,463**
Net increase in cash and cash equivalents	(34,602)	1,483
Cash and cash equivalents at the beginning of the half year	92,332	16,548
Effect of exchange rate changes on cash and cash equivalents	196	(659)
Cash and cash equivalents at the end of the half year	**57,926**	**17,372**

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

Notes to the Financial Statements
for the half year ended 31 December 2019

1. Basis of preparation

Ardent Leisure Group Limited is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

This consolidated interim financial report represents the consolidated financial statements of the Company and its controlled entities (collectively, the Group) for the reporting period ended 31 December 2019 and has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the financial report of Ardent Leisure Group for the year ended 25 June 2019 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New and amended accounting standards adopted by the Group

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 25 June 2019, except for the adoption of new standards effective as of 26 June 2019.

The new or amended accounting standards which became effective for the reporting period commencing on 26 June 2019 are set out below:

- AASB 16 *Leases* and relevant amending standards;
- AASB Interpretation 23 *Uncertainty over Income Tax Treatment;*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*; and
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle.*

Except as disclosed in Note 16, the adoption of new and amended standards and interpretations has not resulted in a material change to the financial performance or position of the Company.

Historical cost convention

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, property, plant and equipment, investments held at fair value 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 the fair values of the Group's assets, which are derived on a consistent basis with that disclosed in the annual financial report of the Group for the year ended 25 June 2019, and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, Director valuations for some property, plant and equipment and determination of lease periods, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.

Reclassification of comparative information

The Company has reclassified certain amounts related to the prior period financial position to conform to current period presentation. These reclassifications have not changed the results of operations of prior periods.

Deficiency of current assets

As at 31 December 2019, the Group had a deficiency of current assets of $17.6 million (25 June 2019: nil). This includes $15.4 million of lease liabilities, which have been classified as current liabilities, however the corresponding right-of-use assets are classified as non-current assets. The Group has $128.5 million (25 June 2019: $143.7 million) of unused loan capacity which can be drawn on as required to fund any deficiency in its net current assets. Refer to Note 15.

2. Segment information

Business segments

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

Main Event

This segment operates solely in the United States of America and comprises 43 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Indiana, Pennsylvania, Tennessee, Maryland, Delaware, Colorado and Louisiana.

Theme Parks

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

Bowling & Entertainment

This segment was sold in FY18 on 30 April 2018.

Marinas

This segment was sold in FY18 on 14 August 2017.

Health Clubs

This segment was sold in FY17 on 25 October 2016.

2. Segment information (continued)

26 June 2019 to 31 December 2019

	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	**224,306**	**38,694**	**233**	**263,233**	**-**	**-**	**-**	**-**	**263,233**
Segment EBITDA	**52,300**	**(4,272)**	**(3,892)**	**44,136**	**25**	**-**	**(5)**	**20**	**44,156**
Depreciation and amortisation	(26,577)	(4,943)	(295)	(31,815)	-	-	-	-	(31,815)
Amortisation of lease assets	(13,435)	(48)	(61)	(13,544)	-	-	-	-	(13,544)
Segment EBIT	**12,288**	**(9,263)**	**(4,248)**	**(1,223)**	**25**	**-**	**(5)**	**20**	**(1,203)**
Borrowing costs				(11,923)					(11,923)
Lease interest expense				(17,546)					(17,546)
Interest income				533					533
Net loss before tax				**(30,159)**				**20**	**(30,139)**
Income tax benefit				7,641				-	7,641
Net loss after tax				**(22,518)**				**20**	**(22,498)**
The segment EBITDA above has been impacted by the following specific items:									
Valuation gain/(loss) on assets	1,718	(1,941)	390	167	-	-	-	-	167
Pre-opening expenses	(1,652)	-	-	(1,652)	-	-	-	-	(1,652)
Dreamworld incident costs, net of insurance recoveries	-	(337)	-	(337)	-	-	-	-	(337)
Restructuring and other non-recurring items	(592)	-	(248)	(840)	25	-	(5)	20	(820)
Reduction in rent due to adoption of new lease accounting standard, AASB 16 *Leases*	23,354	52	63	23,469	-	-	-	-	23,469
Loss on disposal of assets	-	(321)	-	(321)	-	-	-	-	(321)
Early termination of lease	(1,139)	-	-	(1,139)	-	-	-	-	(1,139)
	21,689	**(2,547)**	**205**	**19,347**	**25**	**-**	**(5)**	**20**	**19,367**
The net loss before tax above has also been impacted by the following specific items:									
Incremental lease asset amortisation and lease interest expense on adoption of AASB 16 *Leases*	(30,974)	(51)	(65)	(31,090)	-	-	-	-	(31,090)
Tax impact of specific items listed above	1,950	779	(42)	2,687	-	-	-	-	2,687
	(29,024)	**728**	**(107)**	**(28,403)**	**-**	**-**	**-**	**-**	**(28,403)**
Total assets	815,925	177,658	44,952	1,038,535	-	-	-	-	1,038,535
Acquisitions of property, plant & equipment and intangible assets	49,929	15,058	4	64,991	-	-	-	-	64,991

2. Segment information (continued)

27 June 2018 to 25 December 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	**192,312**	**34,362**	**2**	**226,676**	**-**	**-**	**-**	**-**	**226,676**
Segment EBITDA	**22,071**	**(12,406)**	**(9,207)**	**458**	**(269)**	**(8)**	**(7)**	**(284)**	**174**
Depreciation and amortisation	(18,680)	(4,756)	(502)	(23,938)	-	-	-	-	(23,938)
Segment EBIT	**3,391**	**(17,162)**	**(9,709)**	**(23,480)**	**(269)**	**(8)**	**(7)**	**(284)**	**(23,764)**
Finance costs				(1,487)				-	(1,487)
Interest income				15				-	15
Net loss before tax				**(24,952)**				**(284)**	**(25,236)**
Income tax benefit				3,421				-	3,421
Net loss after tax				**(21,531)**				**(284)**	**(21,815)**
The segment EBITDA above has been impacted by the following specific items:									
Pre-opening expenses	(1,472)	-	-	(1,472)	-	-	-	-	(1,472)
Dreamworld incident costs, net of insurance recoveries	-	(5,321)	-	(5,321)	-	-	-	-	(5,321)
Restructuring and other non-recurring items	(2,645)	(1,952)	(3,476)	(8,073)	-	-	-	-	(8,073)
Selling costs associated with discontinued operations	-	-	-	-	(269)	(8)	(7)	(284)	(284)
Gain/(loss) on disposal of assets	2,020	(50)	(327)	1,643	-	-	-	-	1,643
	(2,097)	**(7,323)**	**(3,803)**	**(13,223)**	**(269)**	**(8)**	**(7)**	**(284)**	**(13,507)**
The net loss before tax above has also been impacted by the following specific items:									
Tax impact of destapling and corporatisation	-	-	5,379	5,379	-	-	-	-	5,379
Current period tax losses not recognised as a deferred tax asset	-	-	(7,590)	(7,590)	-	-	-	-	(7,590)
Tax impact of specific items listed above	440	2,197	1,141	3,778	-	-	-	-	3,778
	440	**2,197**	**(1,070)**	**1,567**	**-**	**-**	**-**	**-**	**1,567**
Total assets	475,825	148,497	29,179	653,501	-	-	-	-	653,501
Acquisitions of property, plant & equipment and intangible assets	16,480	22,021	9	38,510	-	-	-	-	38,510

3. Revenue from operating activities

Revenue by type	December 2019 $'000	December 2018 $'000
Revenue from services	162,213	140,575
Revenue from sale of goods	100,787	86,099
Other revenue	233	2
Revenue from operating activities	**263,233**	**226,676**

Revenue by geographical market	December 2019 $'000	December 2018 $'000
Australia	38,927	34,364
United States	224,306	192,312
	263,233	**226,676**

4. Finance costs

	December 2019 $'000	December 2018 $'000
Interest on loans	11,703	1,487
Interest on leases	17,546	-
Interest on tax liabilities	220	-
	29,469	**1,487**

5. Income tax benefit

(a) Income tax benefit

	December 2019 $'000	December 2018 $'000
Current tax	(26,409)	570
Deferred tax	18,710	(3,885)
Under/(over) provided in prior year	58	(106)
	(7,641)	**(3,421)**
Income tax benefit is attributable to:		
Loss from continuing operations	(7,641)	(3,421)
	(7,641)	**(3,421)**
Deferred income tax expense/(benefit) included in income tax benefit comprises:		
Decrease/(increase) in deferred tax assets	10,865	(3,122)
Increase/(decrease) in deferred tax liabilities	7,845	(763)
	18,710	**(3,885)**

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

	December 2019 $'000	December 2018 $'000
Loss from continuing operations before income tax benefit	(30,159)	(24,952)
Profit/(loss) from discontinued operations before income tax benefit	20	(284)
Prima facie loss	**(30,139)**	**(25,236)**
Tax at the Australian tax rate of 30% (25 December 2018: 30%)	(9,042)	(7,571)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign exchange conversion differences	107	11
Entertainment	35	48
Non-deductible depreciation and amortisation	-	265
Non-deductible interest due to thin capitalisation	-	399
Sundry items	(299)	(691)
Current period tax losses not recognised as a deferred tax asset	-	7,590
Employee equity-based payments	7	112
Restructuring costs	-	1,043
Impact of destapling and corporatisation	-	(5,379)
US state taxes	170	(77)
Withholding tax	-	188
Research and development and other credits	(187)	70
Difference in overseas tax rates	1,510	677
Under/(over) provided in prior year	58	(106)
Income tax benefit	**(7,641)**	**(3,421)**

(c) Review of prior period taxation arrangements

As noted in the June 2019 annual report, the Group has been in discussions with the Australian Taxation Office (ATO) regarding the tax treatment of intragroup leases by the previous stapled group in prior years. In October 2019, a settlement was reached with the ATO under which the Group will be required to make further tax payments totalling $15.9 million. Of this, $5.9 million was paid during the period with the remainder being payable on deferred settlement terms. The full liability was recognised in the June 2019 financial statements and there has been no further financial impact in the current period. Under the deferred settlement terms, the ATO has taken security over the freehold and business assets of SkyPoint until such time as the tax liability is fully repaid.

6. Property, plant and equipment

Segment	Note	Cost less accumulated depreciation December 2019 $'000	Cumulative revaluation decrements December 2019 $'000	Consolidated book value December 2019 $'000	Cost less accumulated depreciation June 2019 $'000	Cumulative revaluation decrements June 2019 $'000	Consolidated book value June 2019 $'000
Theme Parks	(1) (2) (3)	240,917	(104,966)	135,951	243,448	(112,674)	130,774
Main Event		368,810	-	368,810	346,752	-	346,752
Other		870	-	870	1,115	-	1,115
Total		**610,597**	**(104,966)**	**505,631**	**591,315**	**(112,674)**	**478,641**

(1) The book value of Dreamworld and WhiteWater World land and buildings, major rides and attractions and other plant and equipment (including construction work in progress of $15.0 million (25 June 2019: $28.8 million), intangible assets of $4.0 million (25 June 2019: $2.9 million) and livestock of $0.2 million (25 June 2019: $0.2 million)) is $102.1 million (25 June 2019: $96.1 million). At 31 December 2019, the Directors have assessed the fair value of land and buildings and major rides and attractions to be $44.5 million (25 June 2019: $50.6 million). All other plant and equipment are carried at depreciated historic cost of $57.6 million (25 June 2019: $45.5 million). Refer to additional Theme Parks valuation information below. The last independent valuation of this property was undertaken at 25 December 2018 by Jones Lang LaSalle.

(2) The Directors have assessed the fair value of the excess land adjacent to Dreamworld to be $5.2 million (25 June 2019: $5.2 million). The last independent valuation of this property was undertaken at 25 December 2018 by Jones Lang LaSalle.

(3) The Directors have assessed the fair value of SkyPoint at 31 December 2019 to be $32.9 million (25 June 2019: $32.6 million). The last independent valuation of this property was undertaken at 25 December 2018 by Jones Lang LaSalle.

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

	December 2019 $'000	June 2019 $'000
Carrying amount at the beginning of the period	478,641	455,668
Additions	61,613	69,276
Transfer from inventories	-	767
Transfer to intangibles	(356)	(712)
Transfer to assets held for sale	(3,368)	-
Disposals	(404)	(2,203)
Depreciation	(29,463)	(48,551)
Foreign exchange movements	(2,750)	21,963
Reversal of impairment/(impairment) (1)	1,718	(17,567)
Carrying amount at the end of the period	**505,631**	**478,641**

(1) In the prior year, an impairment loss was recognised in relation to the property, plant and equipment at five Main Event locations. One of these locations has since closed and some of its assets are being redeployed to other more profitable locations. As a result, these assets are no longer considered impaired and a reversal of part of the previous impairment amounting to $1.7 million has been recognised in the period.

(a) Theme Parks valuation

The tragic incident which occurred on the Thunder River Rapids ride at Dreamworld in October 2016 and subsequent Coronial Inquest continues to negatively impact attendance and revenues in the current period, with recovery being slower than expected. In the prior three years, the Group has recognised revaluation decrements to the property, plant and equipment of Dreamworld and WhiteWater World of $167.7 million and a further impairment provision of $1.0 million.

At 31 December 2019, 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). This resulted in the fair value of land, buildings and major rides and attractions being assessed at $44.5 million. Together with other assets carried at historic cost of $57.6 million, the book value of Dreamworld and WhiteWater World is $102.1 million at 31 December 2019.

At 31 December 2018, the Group obtained independent advice from Jones Lang LaSalle to assist in determining a Directors' valuation of the property. The valuer considered the work undertaken in the prior year (as set out in the financial report for the year ended 25 June 2018) and reviewed management's updated forecasts in light of the park's performance and market conditions at that time.

6. Property, plant and equipment (continued)

(a) Theme Parks valuation (continued)

In determining a Directors' valuation at 31 December 2019, the Directors have had regard to the work of JLL in December 2018 as well as updated forecasts for the park in light of current market conditions and management initiatives in place to improve performance.

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

	December 2019	June 2019
Capitalisation rate	11.50%	11.50%
Discount rate	14.00% - 14.50%	14.00% - 14.50%
Terminal yield	11.50% - 12.00%	11.50% - 12.00%
10 Year average annual EBITDA ($'000)	31,758	26,503
10 Year average annual capital expenditure ($'000)	20,673	15,409

In addition, the valuation has assumed a gradual recovery of attendances to FY16 (pre-incident) levels over the next six years, with year one attendances estimated to be approximately 66% of FY16 (pre-incident) levels.

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

The sensitivity of the fair values of the land and buildings and major rides and attractions 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	- $2.8 million	- $2.9 million	- $1.7 million	N/A
Fair value measurement sensitivity to 0.5% decrease in rate	+ $3.0 million	+ $3.1 million	+ $1.9 million	N/A
Fair value measurement sensitivity to 10.0% increase in assumed attendance levels	N/A	N/A	N/A	+ $20.5 million
Fair value measurement sensitivity to 10.0% decrease in assumed attendance levels	N/A	N/A	N/A	- $17.4 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.

7. Intangible assets

	December 2019 $'000	June 2019 $'000
Goodwill at cost	72,441	72,830
Accumulated impairment	(12,880)	(12,880)
	59,561	**59,950**
Other intangibles at cost	33,531	29,928
Accumulated amortisation and impairment	(13,241)	(10,905)
	20,290	**19,023**
Total intangible assets	**79,851**	**78,973**

7. Intangible assets (continued)

	December 2019 $'000	June 2019 $'000
Goodwill		
Opening net book amount	59,950	56,441
Foreign exchange movements	(389)	3,509
Closing net book amount	**59,561**	**59,950**
Other intangibles		
Opening net book amount	19,023	13,834
Additions	3,378	7,797
Transfer from property, plant and equipment	356	712
Disposals	-	(370)
Amortisation	(2,336)	(3,789)
Foreign exchange movements	(131)	839
Closing net book amount	**20,290**	**19,023**
Total intangible assets	**79,851**	**78,973**

Detailed impairment testing was performed at 25 June 2019 for goodwill. Refer to Note 16(c) to the financial statements for the year ended 25 June 2019 for further details of the key assumptions used in this testing and sensitivity analysis for each of the business segments.

8. Construction in progress

Construction in progress inventories relate to centres that are under construction by Main Event under agreements that Main Event has entered into with third parties. Once the Group has satisfied the requirements of the agreements and acceptance of the centre by the third parties has occurred, the risks and rewards pass to the third parties. The costs funded by the third parties during the course of construction are recorded as a current liability, construction in progress deposits, and upon acceptance of the centre by the third parties 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 31 December 2019, the Group had agreements for construction of two 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. Both centres are expected to be completed within 12 months and agreed timeframes.

(a) Construction in progress inventories

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:

	December 2019 $'000	June 2019 $'000
Carrying amount at the beginning of the period	578	772
Additions	14,391	11,345
Disposals	-	(13,149)
Foreign exchange movements	(348)	1,610
Carrying amount at the end of the period	**14,621**	**578**

8. Construction in progress (continued)

(b) Construction in progress deposits

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:

	December 2019 $'000	June 2019 $'000
Carrying amount at the beginning of the period	-	-
Deposits received	13,987	7,154
Settlements of deposits received	-	(8,512)
Foreign exchange movements	(101)	1,358
Carrying amount at the end of the period	**13,886**	**-**

9. Derivative financial instruments

	December 2019 $'000	June 2019 $'000
Current assets		
Forward foreign exchange contracts	-	13
	-	**13**
Non-current assets		
Interest rate caps	98	177
	98	**177**
Current liabilities		
Forward foreign exchange contracts	197	-
Interest rate swaps	511	-
	708	**-**
Non-current liabilities		
Forward foreign exchange contracts	35	-
Interest rate swaps	-	505
	35	**505**

(a) Forward foreign exchange contracts

In the prior year, the Group entered into forward foreign exchange contracts to buy US dollars and sell Australian dollars. These contracts totalled $0.4 million at 25 June 2019.

The Group has entered into forward foreign exchange contracts to buy EUR dollars and sell Australian dollars. These contracts total A$10.6 million (25 June 2019: nil).

The Group has elected not to apply hedge accounting for its forward foreign exchange contracts. Accordingly changes in fair value of these contracts are recorded in the Income Statement. Notwithstanding the accounting outcome, the Group 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 interest rate swap agreements totalling US$70.0 million (A$99.9 million) (25 June 2019: US$70.0 million (A$100.6 million)) that entitle it to receive interest, at monthly/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 effectively swap a floating rate of interest on the notional principal amount into a fixed rate.

The Group also has an interest rate cap agreement in place effective from 3 December 2020 under which it can limit its interest expense on a notional principal amount of US$70.0 million. This notional principal amount reduces to US$55.0 million in April 2021, US$40.0 million in April 2022 and US$20.0 million in April 2023 with the agreement terminating in April 2024.

The Group has elected not to apply hedge accounting for its interest rate swap and cap agreements. Accordingly, changes in fair value of these swaps and caps are recorded in the Income Statement. Notwithstanding the accounting outcome, the Company considers that these derivative contracts are appropriate and effective in offsetting adverse economic interest rate exposures of the Group.

10. Dividends and distributions paid and payable

No interim or final dividend has been paid or declared for the period ended 31 December 2019 (25 June 2019: nil). The following distributions were paid and payable by Ardent Leisure Trust to stapled security holders in the prior year:

	Distribution cents per security	Total amount $'000
2018 dividends/distributions for the half year ended:		
25 December 2018	-	-
26 June 2018(1)	6.50	30,637
	6.50	**30,637**

(1) The distribution of 6.50 cents per security for the year ended 26 June 2018 was not declared prior to 26 June 2018.

11. Losses per share

	December 2019	December 2018
Basic losses per share (cents) from continuing operations	(4.69)	(4.52)
Basic losses per share (cents) from discontinued operations	-	(0.06)
Total basic losses per share (cents)	**(4.69)**	**(4.58)**
Diluted losses per share (cents) from continuing operations	(4.69)	(4.52)
Diluted losses per share (cents) from discontinued operations	-	(0.06)
Total diluted losses per share (cents)	**(4.69)**	**(4.58)**
Losses used in the calculation of basic and diluted earnings per share ($'000)	(22,498)	(21,815)
Weighted average number of shares on issue used in the calculation of basic earnings per share ('000)	479,618	476,420
Weighted average number of shares held by employees under employee equity plans ('000)	140	466
Weighted average number of shares on issue used in the calculation of diluted earnings per share ('000)	479,758	476,886

12. Contributed equity

No. of securities/ shares	Details	Date of income entitlement	Note	December 2019 $'000	June 2019 $'000
471,344,533	Securities on issue	26 Jun 2018			666,731
8,361,483	DRP issue	1 Jul 2018	(a)		16,332
-	Impact of corporate restructure	24 Dec 2018	(b)		94,091
-	Issue costs paid				(30)
479,706,016	Shares on issue	26 Jun 2018		777,124	777,124
479,706,016	**Shares on issue**	**31 Dec 2019**		**777,124**	**777,124**

(a) Dividend/Distribution Reinvestment Plan (DRP) issues

The Group has established a DRP under which share/security holders may elect to have all or part of their dividend/distribution entitlements satisfied by the issue of new shares/securities respectively rather than being paid in cash. The discount available on shares/securities issued under the DRP is 2.0% on the market price.

(b) Impact of corporate restructure

Refer to Note 13.

13. Reserves

	Note	December 2019 $'000	June 2019 $'000
Asset revaluation reserve			
Opening balance		15,499	15,499
Closing balance		**15,499**	**15,499**
Foreign currency translation reserve			
Opening balance		(5,355)	(22,856)
Transfer to accumulated losses for discontinued foreign operation	14	49	-
Translation of foreign operations		(741)	17,501
Closing balance		**(6,047)**	**(5,355)**
Equity-based payment reserve			
Opening balance		(8,092)	(6,889)
Option expense		(137)	(1,203)
Closing balance		**(8,229)**	**(8,092)**
Corporate restructure reserve			
Opening balance		(94,091)	-
Impact of corporate restructure		-	(94,091)
Closing balance		**(94,091)**	**(94,091)**
Total reserves		**(92,868)**	**(92,039)**

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

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.

13. Reserves (continued)

The equity-based payment reserve is used to recognise the fair value of performance rights issued to employees but not yet exercised under the Group's Deferred Short Term Incentive Plan (DSTI) and Long Term Incentive Plan (LTIP).

Under the corporate restructure Ardent Leisure Group Limited shares were issued to securityholders in return for their stapled securities. Ardent Leisure Group Limited share capital was measured at fair value on the date of the transaction, being the market capitalisation of the Ardent Leisure Stapled Group on the date of implementation ($777.1 million). The difference between the contributed equity of Ardent Leisure Group Limited and the pre-restructure contributed equity of the Ardent Leisure Stapled Group at the date of the transaction was recognised as a corporate restructure reserve.

14. Accumulated losses

	Note	December 2019 $'000	December 2018 $'000
Opening balance		(299,835)	(206,962)
Loss for the half year		(22,498)	(21,815)
Available for distribution		(322,333)	(228,777)
Transfer from foreign currency translation reserve	13	(49)	-
Impact of change in accounting standard	16	(352)	(1,401)
Distributions received from treasury shares		-	42
Distributions paid and payable		-	(30,637)
Closing balance		**(322,734)**	**(260,773)**

15. Interest bearing liabilities

	Note	December 2019 $'000	June 2019 $'000
Current			
Bank loan - term debt		1,927	1,796
Lease liabilities	16	18,164	-
Total current		**20,091**	**1,796**
Non-current			
Bank loan - term debt		189,391	177,853
Less: unamortised loan costs		(9,535)	(10,220)
Lease liabilities	16	354,682	-
Total non-current		**534,538**	**167,633**
Total interest bearing liabilities		**554,629**	**169,429**

In April 2019, the Group concluded the refinancing of its debt facilities with the completion of a US$200.0 million term loan facility, comprising a US$125.0 million drawn term loan and a US$75.0 million delayed draw term loan, as well as a US$25.0 million revolving credit facility (collectively, the Facility) by its wholly-owned US subsidiary, Main Event Entertainment, Inc. (Main Event). The facility is secured and guaranteed by Main Event and is non-recourse to the other assets of the Group.

The proceeds of the drawn term loan were used to repay the Group's previous Australian bank debt facility, and the balance of the proceeds will be available to support investment in Theme Parks and Main Event as well as general corporate purposes.

The terms of the facility also impose a net leverage covenant on Main Event, being the ratio of net debt to EBITDA adjusted for unrealised and certain non-cash and other one-off items (adjusted EBITDA). The terms of the facility also require principal repayments of 1% of drawn debt each year, with a corresponding reduction in available facilities.

15. Interest bearing liabilities (continued)

Credit facilities

As at 31 December 2019, Main Event had unrestricted access to the following credit facilities:

	December 2019 $'000	June 2019 $'000
Main Event US$ term debt[1]	284,096	287,439
Amount used	(191,318)	(179,649)
Amount unused	**92,778**	**107,790**
Main Event US$ revolving credit facility[2]	35,684	35,930
Amount used	-	-
Amount unused	**35,684**	**35,930**
Total facilities	319,780	323,369
Total amount used	(191,318)	(179,649)
Total amount unused	**128,462**	**143,720**

(1) Main Event US$124.1 million term debt (25 June 2019: US$125.0 million) and US$75.0 million (25 June 2019: US$75.0 million) delayed draw term debt facilities will mature on 4 April 2025. Any part of the delayed draw term debt facility remaining undrawn at 4 April 2021 will expire at that date.
(2) Main Event US$25.0 million revolving credit facility will mature on 4 April 2024.

All of the facilities have a variable interest rate. As detailed in Note 9, the interest rates on the loans are partially fixed using interest rate swaps and caps. The weighted average interest rates payable on the loans at 31 December 2019, including the impact of the interest rate swaps and caps, is 8.43% per annum for USD denominated debt (25 June 2019: 8.77% per annum).

16. Leases

The Australian Accounting Standard Boards has issued a new lease standard for leases, AASB 16 *Leases*, which applies to accounting periods commencing on or after 1 January 2019 and replaced the previous standard, AASB 117 *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. This note provides information for leases where the Group is a lessee. The Group does not hold any leases as a lessor.

(a) Implementation of AASB 16 *Leases*

The Group has applied AASB 16 *Leases* using the modified retrospective approach from 26 June 2019. Under this method, the Standard is applied retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. Comparatives are not restated and the reclassifications and the adjustments arising from the new standard are recognised in the opening balance of accumulated losses on 26 June 2019.

(i) Practical expedients applied on transition

At the initial application of AASB 16 *Leases*, the Group has used the following practical expedients permitted by the Standard:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments of whether leases are onerous immediately before the date of initial application;
- Exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

16. Leases (continued)

(a) Implementation of AASB 16 *Leases* (continued)

(ii) Adjustments recognised in the balance sheet at 26 June 2019

The adoption of AASB 16 *Leases* affected the following items in the balance sheet at 26 June 2019:

Increase/(decrease)	Main Event $'000	Theme Parks $'000	Corporate $'000	Total $'000
Assets				
Right-of-use (ROU) assets	311,352	160	240	311,752
Total assets	**311,352**	**160**	**240**	**311,752**
Liabilities				
Payables	(42,510)	-	(54)	(42,564)
Lease liabilities	357,435	179	240	357,854
Provisions	(3,067)	-	-	(3,067)
Deferred tax liabilities	(119)	-	-	(119)
Total liabilities	**311,739**	**179**	**186**	**312,104**
Equity				
Accumulated losses	387	19	(54)	352
Total equity	**387**	**19**	**(54)**	**352**

(b) Nature of the effect of adoption of AASB 16

The Group leases various real estate properties in the jurisdictions in which it operates. It is customary for lease contracts to provide for payments to increase each year by inflation or in others to be reset periodically to market rental rates. Property leases may contain both lease and non-lease components. In accordance with AASB 16, the Group has elected not to separate lease and non-lease components for property leases. The Group also has leases for equipment and vehicles. These leases comprise only fixed payments over the lease terms. There have been no sale and leaseback transactions in the current year.

Each lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. Lease terms are negotiated on an individual basis and contain different terms and conditions. Extension and termination options are included in a number of property leases across the Group and majority of these options held are exercisable by the Group.

Prior to adoption of AASB 16, the Group classified each lease at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest and reduction of the lease liability. For an operating lease, leased property was not capitalised, and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Payables respectively.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases. The Standard provides specific transition requirements and practical expedients, which have been applied by the Group. The Group did not hold any finance leases at the date of transition. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases on the date of initial application. Right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid, accrued lease payments and onerous lease provision previously recognised. Lease liabilities were measured at the present value of the remaining lease payments due to the lessor over the lease term, discounted using the applicable incremental borrowing rate at date of initial application. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 26 June 2019 was 9.45%.

The following is a reconciliation to total operating lease commitment at 25 June 2019 (as disclosed in the financial statements to 25 June 2019) to the lease liabilities recognised at 26 June 2019.

	$'000
Operating lease commitments disclosed as at 25 June 2019:	624,649
Discounting using incremental borrowing rate	(267,745)
Discounted operating lease commitments at 25 June 2019	356,904
Less: foreign exchange movement	(1,075)
Add: non-lease component included in lease liability	2,025
Lease liability recognised as at 26 June 2019	**357,854**
Comprising:	
Current lease liabilities	19,744
Non-current lease liabilities	338,110
	357,854

16. Leases (continued)

(c) Accounting policy

For new contracts entered on or after 26 June 2019, the Group considers whether the contract is, or contains a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of an identified for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assess whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all identified lease contracts in which it is a lessee.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at present value of lease payments to be made over the lease term.

Lease payments include:

- Fixed payments (including reasonably certain extension options), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

Cash payments for the principal and interest portion of lease liabilities are classified as financing activities within the statement of cashflows. Cash payments for variable lease payments not measured in lease liability are presented within the operating activities.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequent to initial measurement, lease liabilities increase to reflect the accretion of interest on the balance outstanding and are reduced for lease payments made. The finance cost for interest on the lease is charged to profit or loss over the lease period.

The lease liability is remeasured to reflect any reassessment or modification of lease term or changes in the in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has not elected to apply the short-term lease and the low-value assets lease practical expedients. These leases are included in the measurement of lease liability.

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received or make good costs to be incurred at the end of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of- use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(iii) Significant judgement in determining the lease term of contracts

The Group determines the lease term as the non-cancellable period of the lease, together with any periods covered by options to extend the lease if the Group is reasonably certain to exercise those options. The Group has the option, under some of its leases to extend the lease for additional terms of 5-15 years. Management uses its judgement and experience to determine whether or not an option would be reasonably certain to be exercised on a lease by lease basis. In doing so, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the renewal option.

16. Leases (continued)

(c) Accounting policy (continued)

***(iii) Significant judgement in determining the lease term of contracts* (continued)**

The Main Event business has projected a 20-year operating cycle for each entertainment centre, with further consideration of specific facts and performance of individual centres in determining the respective lease terms of each of its property leases. Leases for equipment and vehicles do not generally contain renewal option periods.

(d) Amounts recognised in the balance sheet

December 2019 Right-of-use assets	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 26 June 2019	310,818	925	9	311,752
Additions	7,369	10	-	7,379
Amortisation	(13,366)	(174)	(3)	(13,543)
Modifications to lease terms	16,280	-	-	16,280
Variable lease payment adjustments	528	-	-	528
Foreign exchange movements	(1,541)	(1)	-	(1,542)
At 31 December 2019	**320,088**	**760**	**6**	**320,854**

December 2019 Lease liabilities	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 26 June 2019	356,920	925	9	357,854
Additions	11,030	10	-	11,040
Interest expenses	17,508	38	-	17,546
Effect of modifications to lease terms	13,113	-	-	13,113
Variable lease payment adjustments	528	-	-	528
Lease payments	(24,977)	(186)	(3)	(25,166)
Foreign exchange movements	(2,067)	(2)	-	(2,069)
At 31 December 2019	**372,055**	**785**	**6**	**372,846**

Lease liabilities are presented in the balance sheet as follows:

	December 2019 $'000
Current	18,164
Non-current	354,682
	372,846

(e) Additional profit or loss and cashflow information

The group recognised rent expenses from variable lease payments of $86,618 for the six months ended 31 December 2019.

Total cashflow in respect of leases in current period is $25.2 million. For interest expense in relation to leasing labilities, refer to finance costs (Note 4).

17. Fair value measurement of financial instruments

(a) Fair value hierarchy

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

- Derivative financial instruments;
- Investment held at fair value; and
- Theme Parks land, buildings and major rides and attractions.

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).

17. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

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

December 2019	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	-	-	135,951	135,951
Assets classified as held for sale	-	-	1,427	1,427
Derivative financial instruments	-	98	-	98
Liabilities measured at fair value:				
Derivative financial instruments	-	743	-	743
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 15)	-	191,318	-	191,318

June 2019	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	-	-	130,774	130,774
Derivative financial instruments	-	554	-	554
Liabilities measured at fair value:				
Derivative financial instruments	-	505	-	505
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 15)	-	179,649	-	179,649

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2019.

(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 an investment in an unlisted entity which is included in level 3.

(c) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the half year ended 31 December 2019:

Investment held at fair value	December 2019 $'000	June 2019 $'000
Opening balance	2,811	2,811
Valuation gain	390	-
Closing balance	**3,201**	**2,811**

18. Related party disclosures

There were no new material related party transactions in the half year to 31 December 2019. The financial report for the year ended 25 June 2019 provides further details on the nature of previous related party transactions.

19. 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 by the Queensland Police Service and Workplace Health and Safety Queensland (WHSQ). A Coronial Inquest took place over several hearings throughout 2018 and concluded in December 2018. The Coroner's findings and recommendations are expected to be handed down on 24 February 2020. The Coroner cannot make any formal finding of guilt on the part of the Company or any other person or entity and cannot impose any pecuniary fine or penalty.

Ardent Leisure Limited, as operator of Dreamworld, expects to be subjected to prosecution action by WHSQ, however formal proceedings have not been instigated against Ardent Leisure Limited as at the date of release of these financial statements. Until such time as proceedings are commenced and the nature of any charges are known, it is too premature to provide any meaningful or reliable estimate of the quantum of potential pecuniary penalties. A number of civil claims by families and other affected persons have been made against Ardent Leisure Limited and are being dealt with by the company's liability insurer. 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 Group Limited has no other material contingent liabilities.

20. Capital and lease commitments

(a) Capital commitments

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

	December 2019 $'000	June 2019 $'000
Property, plant and equipment		
Payable:		
Within one year	9,535	995
Later than one year but not later than five years	1,465	-
	11,000	**995**

21. Summary of significant accounting policies

New accounting standards, amendments and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 January 2020 but which the Group has not yet adopted. The Group's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

Definition of Material - Amendments to AASB 1 and AASB 8

In October 2018, the AASB issued amendments to AASB 1 *Presentation of Financial Statements* and AASB 8 *Operating Segments* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments will require the Group to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date.

22. Events occurring after reporting date

Since the end of the financial period, the Directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report or the Directors' report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 31 December 2019.

Directors' declaration to shareholders

In the opinion of the Directors of Ardent Leisure Group Limited:

(a) The interim financial statements and notes of Ardent Leisure Group Limited and its controlled entities, set out on pages 7 to 30 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 Ardent Leisure Group Limited's financial position as at 31 December 2019 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial period ended on that date; and

(b) There are reasonable grounds to believe that Ardent Leisure Group Limited will be able to pay its debts as and when they become due and payable.

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

Gary Weiss AM
Chairman

Antonia Korsanos
Director

Sydney
20 February 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Shareholders of Ardent Leisure Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ardent Leisure Group Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated balance sheet as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Ernst & Young

Ernst & Young

John Robinson
Partner
Sydney
20 February 2020