

APPENDIX 4D

Half Year Report for the period ended 29 December 2020

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	Decreased	47.7% to	137,568
Loss from ordinary activities after tax attributable to members	Increased	271.7% to	(83,629)
Net loss for the period attributable to members	Increased	271.7% to	(83,629)
Dividends			
<i>Current Period:</i> Interim dividend			Amount per stapled security Nil
<i>Previous Corresponding Period:</i> 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 recorded a net loss of \$83.6 million for the period ended 29 December 2020 (comprising 26 weeks), compared to a net loss of \$22.5 million in the prior period ended 31 December 2019 (comprising 27 weeks).

The current period was significantly impacted by COVID-19, which resulted in reduced visitation in the Group's US and Australian venues and attractions.

The segment revenue (excluding other income from government grants and subsidies and insurance recoveries) of \$137.6 million for the Group decreased by \$125.4 million compared to the prior period, driven primarily by the temporary closure of Main Event centres and Theme Parks sites due to the pandemic. Main Event centres began gradually reopening in May 2020 however, in November/December 2020, five centres were required to re-close due to the pandemic. As at 29 December 2020, 38 out of 44 Main Event centres were open and operational with a further four centres reopening in January 2021. SkyPoint reopened on 10 July 2020 and Dreamworld and WhiteWater World reopened on 16 September 2020.

The segment EBITDA loss of \$4.9 million for the current period has been impacted by a number of specific items as disclosed in the Group's Interim Financial Report. After adjusting for the specific items disclosed, including the lease payments no longer recognised in EBITDA under AASB 16 *Leases*, the EBITDA loss was \$19.8 million, compared to an EBITDA profit of \$24.8 million in December 2019.

Refer to the attached Interim Financial Report for the period ended 29 December 2020 for further commentary on the financial performance of the Group.

Details of Dividends

Refer attached financial statements (Directors Report and Note 10: Dividends paid and payable).

Details of Dividend Reinvestment Plan

N/A

Net Tangible Assets

	Current period 29 December 2020	Previous corresponding Period 31 December 2019
Net tangible asset backing per security*	\$0.41	\$0.59
Net tangible asset backing per security after dividend	\$0.41	\$0.59

* 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

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



ARDENT
LEISURE

Interim Financial Report
for the period 1 July 2020 to 29 December 2020

The interim financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 24 February 2021. The Directors have the power to amend and reissue the interim financial report.

Interim Financial Report

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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 1 July 2020 to 29 December 2020.

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; and
Brad Richmond.

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 29 December 2020 (31 December 2019: nil).

4. Review and results of operations

Overview

The Group's strategy is to focus primarily on leisure and entertainment segments with mass market appeal within its geographical areas of operation. During the period, two businesses contributed to the overall result: Main Event and Theme Parks.

Theme Parks funding

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Governments COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package totalling \$69.9 million comprises a three-year secured loan facility of \$63.7 million and grants of \$6.2 million. This funding is mutually exclusive from the debt facility in place for the Group's US Main Event business.

Queensland Work Health & Safety prosecution

On 21 July 2020 the Queensland Work Health and Safety Prosecutor filed three charges against a subsidiary of the Company, Ardent Leisure Limited (ALL), pursuant to section 32 of the *Work Health and Safety Act 2011 (Qld)* in relation to the 2016 Thunder River Rapids ride incident. ALL pleaded guilty to all three charges on 29 July 2020.

On 28 September 2020, the prosecution in relation to the tragedy was finalised, with the Group accepting the Court's decision to impose a fine of \$3.6 million for breaches of the *Work Health and Safety Act 2011 (Qld)*.

Shareholder class action

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The plaintiff has not provided any expert valuation opinion to quantify its claim nor has the plaintiff fully particularised its claim, therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any). The Company has previously indicated (and maintains) that it believes the proceedings to be without merit and it will vigorously defend them.

The Company maintains appropriate insurances to respond to litigation and the majority of associated costs.

Directors' report

4. Review and results of operations (continued)

Group results

The performance of the Group, as represented by the aggregated results of its operations for the period from 1 July 2020 to 29 December 2020 (182 days), was as follows:

1 July 2020 to 29 December 2020	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Total \$'000
Segment revenue	124,450	13,109	9	137,568
Segment EBITDA	1,898	(3,587)	(3,220)	(4,909)
Depreciation and amortisation	(26,567)	(4,862)	(181)	(31,610)
Amortisation of lease assets	(12,781)	(34)	(59)	(12,874)
Segment EBIT	(37,450)	(8,483)	(3,460)	(49,393)
Borrowing costs				(17,736)
Lease liability interest expense				(17,507)
Interest income				28
Loss before tax				(84,608)
Income tax benefit				979
Net loss after tax				(83,629)
The segment EBITDA above has been impacted by the following specific items:				
Impairment of assets	(4,090)	-	-	(4,090)
Pre-opening expenses	(370)	-	-	(370)
Dreamworld incident costs, net of insurance recoveries	-	112	-	112
Restructuring and other non-recurring items	(4,482)	-	50	(4,432)
Lease payments no longer recognised in EBITDA under AASB 16 <i>Leases</i>	24,420	44	94	24,558
Loss on disposal of assets	(590)	(51)	-	(641)
Early termination of leases	(243)	-	-	(243)
	14,645	105	144	14,894
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 <i>Leases</i>	(30,285)	(35)	(61)	(30,381)
Current period tax losses not recognised as a deferred tax asset	(15,839)	(1,828)	(1,676)	(19,343)
Tax deductible temporary differences for which deferred tax asset not recognised	-	(360)	-	(360)
Tax impact of specific items listed above	3,284	(21)	(25)	3,238
	(42,840)	(2,244)	(1,762)	(46,846)

Directors' report

4. Review and results of operations (continued)

Group results (continued)

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	Total \$'000
Segment revenue	224,306	38,694	-	263,000
Segment EBITDA	52,300	(4,272)	(3,872)	44,156
Depreciation and amortisation	(26,577)	(4,943)	(295)	(31,815)
Amortisation of lease assets	(13,435)	(48)	(61)	(13,544)
Segment EBIT	12,288	(9,263)	(4,228)	(1,203)
Borrowing costs				(11,923)
Lease liability interest expense				(17,546)
Interest income				533
Loss before tax				(30,139)
Income tax benefit				7,641
Net loss after tax				(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
Pre-opening expenses	(1,652)	-	-	(1,652)
Dreamworld incident costs, net of insurance recoveries	-	(337)	-	(337)
Restructuring and other non-recurring items	(592)	-	(228)	(820)
Lease payments no longer recognised in EBITDA under AASB 16 <i>Leases</i>	23,354	52	63	23,469
Loss on disposal of assets	-	(321)	-	(321)
Early termination of Main Event lease	(1,139)	-	-	(1,139)
	21,689	(2,547)	225	19,367
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 <i>Leases</i>	(30,974)	(51)	(65)	(31,090)
Tax impact of specific items listed above	1,950	779	(42)	2,687
	(29,024)	728	(107)	(28,403)

The Group recorded a net loss after tax of \$83.6 million for the period ending 29 December 2020 (comprising 26 weeks) compared to a net loss of \$22.5 million in the prior period ending 31 December 2019 (comprising 27 weeks).

The current period was significantly impacted by COVID-19, which resulted in reduced visitation in the Group's US and Australian venues and attractions.

Total segment revenue (excluding other income from government grants and subsidies and insurance recoveries) of \$137.6 million for the Group decreased by \$125.4 million compared to the prior period, driven primarily by the temporary closure of Main Event centres and Theme Parks sites due to COVID-19. Main Event centres began gradually reopening in May 2020 however, in November/December 2020, five centres were required to re-close due to the pandemic. As at 29 December 2020, 38 out of 44 Main Event centres were open and operational with a further four centres reopening in January 2021. SkyPoint reopened on 10 July 2020 and Dreamworld and Whitewater World reopened on 16 September 2020.

The segment EBITDA loss of \$4.9 million for the 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 lease payments no longer recognised in EBITDA under AASB 16 *Leases*, the EBITDA loss was \$19.8 million compared to an EBITDA profit of \$24.8 million in December 2019.

Directors' report

4. Review and results of operations (continued)

Group results (continued)

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

- Lower revenue and EBITDA in both Main Event and Theme Parks due to COVID-19, with travel restrictions and temporary business closures substantially impacting trading performance. In addition, the prior period had an extra week of trading results which resulted in incremental revenue of \$16.0 million and EBITDA of \$5.8 million;
- A \$3.6 million increase in restructuring costs and non-recurring expenses, primarily relating to the Redbird transaction, write-off of US site exploration costs as well as one-off penalty costs associated with a data breach at Main Event in the prior year (31 December 2019: \$0.8 million) for which insurance reimbursement is expected;
- A \$4.1 million impairment of lease assets relating to a Main Event centre in the current period (31 December 2019: Nil);
- A \$5.8 million increase in borrowing costs mainly due to inclusion of the Redbird preferred stock dividend, amortisation of capitalised borrowing costs incidental to the Redbird transaction and a change in net debt balances in the current period (31 December 2019: \$11.9 million);
- A \$6.7 million reduction in tax benefit to \$1.0 million in the current period due to an expense of \$19.7 million in respect of Australian and US tax losses and Australian deductible temporary differences for which deferred tax assets have not been recognised. The recoverability of these losses and temporary difference against future taxable income is not currently considered probable under AASB 12 *Income Taxes*.

Partially offset by:

- Incremental revenue and EBITDA in Main Event due to full period contributions from two new centres that opened during the prior year and one new centre that opened during the current period;
- A \$1.3 million decrease in pre-opening expenses to \$0.4 million, with one new centre being opened during the current period; and
- The receipt of \$12.6 million funds by the Australian business under government support initiatives, primarily the Australian Federal Government's JobKeeper programme and Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

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



Brad Richmond
Director

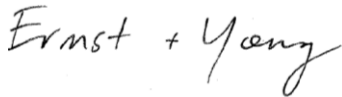
Sydney
24 February 2021

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 29 December 2020, 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



John Robinson
Partner
24 February 2021

Income Statement

for the half year ended 29 December 2020

	Note	December 2020 \$'000	December 2019 \$'000
Income			
Revenue from operating activities	3	137,568	263,000
Net gain from derivative financial instruments		550	-
Interest income		28	533
Reversal of previous impairment loss		-	1,718
Valuation gain - investment held at fair value		-	390
Other income	4	19,734	1,404
Total income		157,880	267,045
Expenses			
Purchases of finished goods		18,926	36,658
Salary and employee benefits		80,322	108,913
Finance costs	5	35,243	29,469
Property expenses		8,470	10,565
Depreciation and amortisation		44,484	45,359
Loss on disposal of assets		641	321
Advertising and promotions		9,290	14,556
Repairs and maintenance		10,456	16,112
Pre-opening expenses		370	1,652
Valuation loss - asset held for sale		-	1,941
Net loss from derivative financial instruments		-	339
Impairment of right-of-use assets		4,090	-
Dreamworld incident costs		4,394	1,508
Other expenses		25,802	29,791
Total expenses		242,488	297,184
Loss before tax		(84,608)	(30,139)
Income tax benefit	6	979	7,641
Loss for the half year		(83,629)	(22,498)
Attributable to:			
Ordinary shareholders		(83,629)	(22,498)

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

Total basic losses per share (cents)	11	(17.43)	(4.69)
Basic losses per share (cents) from continuing operations	11	(17.43)	(4.69)
Total diluted losses per share (cents)	11	(17.43)	(4.69)
Diluted losses per share (cents) from continuing operations	11	(17.43)	(4.69)

Statement of Comprehensive Income for the half year ended 29 December 2020

	Note	December 2020 \$'000	December 2019 \$'000
Loss for the half year		(83,629)	(22,498)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign exchange translation difference	13	(12,253)	(741)
Other comprehensive loss for the half year, net of tax		(12,253)	(741)
Total comprehensive loss for the half year, net of tax		(95,882)	(23,239)
Attributable to:			
Ordinary shareholders		(95,882)	(23,239)
Total comprehensive loss for the half year, net of tax		(95,882)	(23,239)
Total comprehensive loss for the half year, net of tax attributable to shareholders, arises from:			
Continuing operations		(95,882)	(23,239)
Total comprehensive loss for the half year, net of tax		(95,882)	(23,239)

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

Balance Sheet

as at 29 December 2020

	Note	December 2020 \$'000	June 2020 \$'000
Current assets			
Cash and cash equivalents		105,419	161,617
Receivables		6,350	4,760
Inventories		6,599	7,858
Construction in progress inventories		-	11,877
Other		8,633	3,154
Total current assets		127,001	189,266
Non-current assets			
Property, plant and equipment	7	421,108	473,805
Right-of-use assets	16	288,657	327,058
Investments held at fair value		3,201	3,201
Derivative financial instruments	9	6	29
Livestock		196	204
Intangible assets	8	73,298	80,098
Deferred tax assets		4,363	4,185
Total non-current assets		790,829	888,580
Total assets		917,830	1,077,846
Current liabilities			
Payables		63,921	63,699
Construction in progress deposits		-	11,413
Derivative financial instruments	9	-	609
Interest bearing liabilities	15	33,699	28,903
Current tax liabilities		945	1,065
Provisions		2,109	2,061
Other		1,059	1,781
Total current liabilities		101,733	109,531
Non-current liabilities			
Derivative financial instruments	9	1,744	1,931
Interest bearing liabilities	15	607,197	662,253
Provisions		2,855	3,101
Non-current tax liabilities		10,386	10,629
Deferred tax liabilities		-	453
Total non-current liabilities		622,182	678,367
Total liabilities		723,915	787,898
Net assets		193,915	289,948
Equity			
Contributed equity	12	777,124	777,124
Reserves	13	(101,765)	(89,505)
Accumulated losses	14	(520,490)	(436,861)
Total equity		154,869	250,758
Minority interest	15(c)	39,046	39,190
Total equity		193,915	289,948

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

Statement of Changes in Equity for the half year ended 29 December 2020

	Note	Contributed equity \$'000	Other equity \$'000	Reserves \$'000	Accumulated losses \$'000	Minority interest \$'000	Total equity \$'000
Total equity at 26 June 2019		777,124	(148)	(92,039)	(299,835)	-	385,102
Impact of change in lease accounting	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	14	-	-	(692)	(49)	-	(741)
Total comprehensive loss for the half year		-	-	(692)	(22,547)	-	(23,239)
<i>Transactions with owners in their capacity as owners:</i>							
Equity-based payments		-	-	(137)	-	-	(137)
Issuance of treasury securities		-	148	-	-	-	148
Total equity at 31 December 2019		777,124	-	(92,868)	(322,734)	-	361,522
Total equity at 1 July 2020		777,124	-	(89,505)	(436,861)	39,190	289,948
Loss for the half year	14	-	-	-	(83,629)	-	(83,629)
Other comprehensive loss for the half year	13	-	-	(12,253)	-	-	(12,253)
Total comprehensive loss for the half year		-	-	(12,253)	(83,629)	-	(95,882)
<i>Transactions with owners in their capacity as owners:</i>							
Equity-based payments	13	-	-	(7)	-	-	(7)
Contributions of equity, net of issue costs		-	-	-	-	(144)	(144)
Total equity at 29 December 2020		777,124	-	(101,765)	(520,490)	39,046	193,915

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 29 December 2020

	December 2020 \$'000	December 2019 \$'000
Cash flows from operating activities		
Receipts from customers	148,687	294,574
Payments to suppliers and employees	(163,759)	(232,551)
Property expenses paid	(8,470)	(10,541)
Interest received	28	533
Government grants received	14,100	-
Payments for construction in progress inventories	(664)	(14,391)
Deposits received for construction in progress	1,154	13,987
Insurance recoveries	4,090	2,962
Income tax paid	(961)	(5,996)
Net cash flows from operating activities	(5,795)	48,577
Cash flows from investing activities		
Payments for property, plant and equipment	(9,425)	(57,611)
Payments for intangible assets	(2,485)	(2,875)
Proceeds from the sale of plant and equipment	49	82
Net cash flows used in investing activities	(11,861)	(60,404)
Cash flows from financing activities		
Proceeds from loans	18,912	22,170
Repayments of loans	(14,225)	(8,528)
Loan interest paid	(6,905)	(11,250)
Payment of principal portion of lease liabilities	(6,556)	(11,425)
Lease interest paid	(16,651)	(13,742)
RedBird transaction costs	(370)	-
Net cash flows used in financing activities	(25,795)	(22,775)
Net decrease in cash and cash equivalents	(43,451)	(34,602)
Cash and cash equivalents at the beginning of the half year	161,617	92,332
Effect of exchange rate changes on cash and cash equivalents	(12,747)	196
Cash and cash equivalents at the end of the half year	105,419	57,926

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 29 December 2020

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 29 December 2020 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 30 June 2020 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 standards, interpretations and amendments 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 30 June 2020, except for the adoption of new standards effective as of 1 July 2020.

The new accounting standards, interpretations and amendments which became effective for the reporting period commencing on 1 July 2020 are set out below:

- Amendments to AASB 3 – *Definition of a Business*;
- Amendments to AASB 9, AASB 139 and AASB 7 – *Interest Rate Benchmark Reform*;
- Amendments to AASB 1 and AASB 108 – *Definition of Material*;
- The Conceptual Framework for Financial Reporting

The adoption of new and amended standards and interpretations has not resulted in a material impact 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 30 June 2020, and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, Director valuations for some classes of property, plant and equipment and determination of lease periods and incremental borrowing rates, 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.

Going concern

The impact of COVID-19 on Ardent's cashflows has been significant. The Theme Parks business was temporarily closed on 23 March 2020. SkyPoint reopened on 10 July 2020 and Dreamworld and WhiteWater World reopened on 16 September 2020. The Main Event business was temporarily closed on 17 March 2020 with some centres being progressively reopened from May 2020. Funding was limited for much of the closure period to cash on hand with minimal income being received and relatively high levels of cash utilisation. Management of both businesses worked hard to preserve liquidity, standing down the majority of employees with reduced or no pay, aggressively eliminating all discretionary expenditure (both operating and capital) and actively engaging with local, state and federal governments and external advisors to identify additional sources of funding and/or financial support.

Notes to the Financial Statements

for the half year ended 29 December 2020

1. Basis of preparation (continued)

Going concern (continued)

On 15 June 2020, the Group announced that it had entered into a partnership transaction in respect of the Main Event business, under which a US-based private investment firm, RedBird Capital Partners (RedBird) has invested US\$80.0 million in preferred shares of Main Event's US parent entity. This transaction is expected to provide sufficient liquidity for Main Event to recover from the impact of COVID-19 and capacity to invest in future growth. Funds invested by RedBird will be used exclusively to support Main Event.

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020. The financial assistance package totalling \$69.9 million comprises a three-year secured loan facility of \$63.7 million (which includes capitalised interest and fees) and grants of \$6.2 million which can be used to fund working capital and approved capital expenditure. The loan was effective from 15 October 2020 and is mutually exclusive from the debt facility in place for the Group's US Main Event business.

There remains continuing uncertainty regarding the severity and duration of the COVID-19 virus and associated trading, travel and social distancing restrictions and roll out of vaccinations. There is also uncertainty regarding customers' propensity to return to the businesses when all restrictions are lifted. Notwithstanding, management's forecasts, together with available cash reserves and borrowing facilities, continue to support the going concern assumption.

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 44 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, 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.

Notes to the Financial Statements

for the half year ended 29 December 2020

2. Segment information (continued)

1 July 2020 to 29 December 2020

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Total \$'000
Segment revenue	124,450	13,109	9	137,568
Segment EBITDA	1,898	(3,587)	(3,220)	(4,909)
Depreciation and amortisation	(26,567)	(4,862)	(181)	(31,610)
Amortisation of lease assets	(12,781)	(34)	(59)	(12,874)
Segment EBIT	(37,450)	(8,483)	(3,460)	(49,393)
Borrowing costs				(17,736)
Lease liability interest expense				(17,507)
Interest income				28
Loss before tax				(84,608)
Income tax benefit				979
Net loss after tax				(83,629)
The segment EBITDA above has been impacted by the following specific items:				
Impairment of assets	(4,090)	-	-	(4,090)
Pre-opening expenses	(370)	-	-	(370)
Dreamworld incident costs, net of insurance recoveries	-	112	-	112
Restructuring and other non-recurring items	(4,482)	-	50	(4,432)
Lease payments no longer recognised in EBITDA under AASB 16 <i>Leases</i>	24,420	44	94	24,558
Loss on disposal of assets	(590)	(51)	-	(641)
Early termination of leases	(243)	-	-	(243)
	14,645	105	144	14,894
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 <i>Leases</i>	(30,285)	(35)	(61)	(30,381)
Current period tax losses not recognised as a deferred tax asset	(15,839)	(1,828)	(1,676)	(19,343)
Tax deductible temporary differences for which deferred tax asset not recognised	-	(360)	-	(360)
Tax impact of specific items listed above	3,284	(21)	(25)	3,238
	(42,840)	(2,244)	(1,762)	(46,846)
Total assets	749,005	151,803	17,022	917,830
Acquisitions of property, plant & equipment and intangible assets	6,292	6,514	-	12,806

Notes to the Financial Statements for the half year ended 29 December 2020

2. Segment information (continued)

26 June 2019 to 31 December 2019

	Main Event \$'000	Theme Parks \$'000	Corporate \$'000	Total \$'000
Segment revenue	224,306	38,694	-	263,000
Segment EBITDA	52,300	(4,272)	(3,872)	44,156
Depreciation and amortisation	(26,577)	(4,943)	(295)	(31,815)
Amortisation of lease assets	(13,435)	(48)	(61)	(13,544)
Segment EBIT	12,288	(9,263)	(4,228)	(1,203)
Borrowing costs				(11,923)
Lease liability interest expense				(17,546)
Interest income				533
Loss before tax				(30,139)
Income tax benefit				7,641
Net loss after tax				(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
Pre-opening expenses	(1,652)	-	-	(1,652)
Dreamworld incident costs, net of insurance recoveries	-	(337)	-	(337)
Restructuring and other non-recurring items	(592)	-	(228)	(820)
Lease payments no longer recognised in EBITDA under AASB 16 <i>Leases</i>	23,354	52	63	23,469
Loss on disposal of assets	-	(321)	-	(321)
Early termination of Main Event lease	(1,139)	-	-	(1,139)
	21,689	(2,547)	225	19,367
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 <i>Leases</i>	(30,974)	(51)	(65)	(31,090)
Tax impact of specific items listed above	1,950	779	(42)	2,687
	(29,024)	728	(107)	(28,403)
Total assets	815,925	177,658	44,952	1,038,535
Acquisitions of property, plant & equipment and intangible assets	49,929	15,058	4	64,991

Notes to the Financial Statements for the half year ended 29 December 2020

3. Revenue from operating activities

Revenue by type	December 2020 \$'000	December 2019 \$'000
Revenue from services	88,964	162,213
Revenue from sale of goods	48,595	100,787
Other revenue	9	-
Revenue from operating activities	137,568	263,000

Revenue by geographical market	December 2020 \$'000	December 2019 \$'000
Australia	13,118	38,694
United States	124,450	224,306
	137,568	263,000

Timing of revenue recognition	December 2020 \$'000	December 2019 \$'000
Goods and services transferred at a point in time	134,173	254,935
Services transferred over time	3,395	8,065
	137,568	263,000

4. Other income

	December 2020 \$'000	December 2019 \$'000
Government subsidies & grants	12,602	-
Insurance recoveries	7,132	1,404
	19,734	1,404

5. Finance costs

	Note	December 2020 \$'000	December 2019 \$'000
Interest on loans		11,434	11,703
Interest on leases	16(a)	17,507	17,546
Interest on tax liabilities		383	220
Preferred dividends payable	15(c)	5,919	-
		35,243	29,469

Notes to the Financial Statements for the half year ended 29 December 2020

6. Taxation

(a) Income tax benefit

	December 2020 \$'000	December 2019 \$'000
Current tax	(14,260)	(26,409)
Deferred tax	15,587	18,710
(Over)/under provided in prior year	(2,306)	58
	(979)	(7,641)

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

Loss from continuing operations before income tax	(84,608)	(30,139)
Prima facie tax benefit at the Australian tax rate of 30% (31 December 2019: 30%)	(25,382)	(9,042)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign exchange conversion differences	(25)	107
Entertainment	5	35
Non-deductible depreciation and amortisation	13	-
Sundry items	1,807	(299)
Employee benefits	(6)	7
Tax losses for which deferred tax asset not recognised	19,343	-
Tax deductible temporary differences for which deferred tax asset not recognised	360	-
US state taxes	(504)	170
Research and development and other credits	(228)	(187)
Difference in overseas tax rates	5,944	1,510
(Over)/under provided in prior year	(2,306)	58
Income tax benefit	(979)	(7,641)

(c) Review of prior period taxation arrangements

As noted in the June 2020 annual report, a settlement was reached in October 2019 with the ATO under which the Group is required to make further tax payments in respect of prior periods totalling \$15.9 million. Of this, \$10.0 million remains payable on deferred settlement terms commencing September 2021 for which a liability was recognised in the June 2020 financial statements. The ATO has taken security over the freehold and business assets of SkyPoint until such time as the tax liability is fully repaid.

Notes to the Financial Statements for the half year ended 29 December 2020

7. Property, plant and equipment

Segment	Note	Cost less accumulated depreciation & impairments December 2020 \$'000	Cumulative revaluation decrements December 2020 \$'000	Consolidated book value December 2020 \$'000	Cost less accumulated depreciation & impairments June 2020 \$'000	Cumulative revaluation decrements June 2020 \$'000	Consolidated book value June 2020 \$'000
Theme Parks	(1) (2) (3)	250,179	(130,185)	119,994	249,015	(130,185)	118,830
Main Event		300,567	-	300,567	354,270	-	354,270
Other		547	-	547	705	-	705
Total		551,293	(130,185)	421,108	603,990	(130,185)	473,805

- (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 \$19.3 million (30 June 2020: \$21.9 million), intangible assets of \$2.8 million (30 June 2020: \$2.5 million) and livestock of \$0.2 million (30 June 2020: \$0.2 million) is \$89.1 million (30 June 2020: \$87.5 million). At 29 December 2020, the Directors have assessed the fair value of land and buildings and major rides and attractions to be \$25.9 million (30 June 2020: \$28.1 million). All other plant and equipment are carried at depreciated historic cost of \$63.3 million (30 June 2020: \$59.4 million). Refer to additional Theme Parks valuation information below. The last independent valuation of this property was undertaken at 30 June 2020 by Jones Lang LaSalle.
- (2) The Directors have assessed the fair value of the excess land adjacent to Dreamworld to be \$5.8 million (30 June 2020: \$5.8 million). The last independent valuation of this property was undertaken at 30 June 2020 by Jones Lang LaSalle.
- (3) The Directors have assessed the fair value of SkyPoint at 29 December 2020 to be \$28.1 million (30 June 2020: \$28.2 million). The last independent valuation of this property was undertaken at 30 June 2020 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 2020 \$'000	June 2020 \$'000
Carrying amount at the beginning of the period	473,805	478,641
Additions	9,952	74,840
Transfer from/(to) intangible assets	11	(54)
Disposals	(763)	(5,793)
Depreciation	(29,137)	(60,702)
Revaluation	-	(13,425)
Impairment	-	(5,436)
Foreign exchange movements	(32,760)	5,734
Carrying amount at the end of the period	421,108	473,805

(a) Theme Parks valuation

The Thunder River Rapids ride incident in October 2016 and subsequent Coronial Inquest continues to negatively impact attendance and revenues of Dreamworld and WhiteWater World. The COVID-19 pandemic has also had a significant impact, with the parks being closed from 25 March 2020 to 15 September 2020. There remains continuing uncertainty regarding the severity and duration of the virus and associated trading, travel and social distancing restrictions. Over the previous four years, the Group has recognised revaluation decrements to the property, plant and equipment of Dreamworld and WhiteWater World of \$176.1 million and further impairment provisions of \$6.0 million.

At 29 December 2020, 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 has resulted in the fair value of land, buildings and major rides and attractions being assessed at \$25.9 million. Together with other assets carried at historic cost of \$63.3 million, the book value of Dreamworld and WhiteWater World is \$89.1 million at 29 December 2020.

The Group last obtained an independent valuation from Jones Lang LaSalle (JLL) at 30 June 2020. In that valuation, the valuer considered the work undertaken in prior valuations and reviewed management's updated forecasts in light of the park's performance and prevailing market conditions, including the ongoing impact of COVID-19. In determining a Directors' valuation at 29 December 2020, the Directors have had regard to the work of JLL in June 2020 as well as updated forecasts for the parks which consider market conditions and management initiatives currently in place to manage current uncertainties and improve their performance.

Notes to the Financial Statements for the half year ended 29 December 2020

7. Property, plant and equipment (continued)

(a) Theme Parks valuation (continued)

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

	December 2020	June 2020
Capitalisation rate	10.00%	10.00%
Discount rate	12.50% - 13.00%	12.50% - 13.00%
Terminal yield	10.00% - 10.50%	10.00% - 10.50%
10 Year average annual EBITDA (\$'000)	18,293	15,521
10 Year average annual capital expenditure (\$'000)	10,393	7,560

In addition, the valuation has assumed a gradual recovery of attendances over the next 10 years, starting with 2021 attendances estimated to be approximately 37% 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	-\$0.7 million	-\$3.2 million	-\$2.2 million	n/a
Fair value measurement sensitivity to 0.5% decrease in rate	+\$0.7 million	+\$3.5 million	+\$2.7 million	n/a
Fair value measurement sensitivity to 10.0% increase in assumed attendance levels	n/a	n/a	n/a	+\$7.2 million
Fair value measurement sensitivity to 10.0% decrease in assumed attendance levels	n/a	n/a	n/a	-\$8.7 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 in their impact on 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 on the fair value.

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

8. Intangible assets

	December 2020 \$'000	June 2020 \$'000
Goodwill		
Opening net book amount	60,737	59,950
Foreign exchange movements	(5,560)	787
Closing net book amount	55,177	60,737
Other intangibles		
Opening net book amount	19,361	19,023
Additions	2,854	6,534
Transfers (to)/from property, plant and equipment	(11)	54
Disposals	-	(1,525)
Amortisation	(2,465)	(4,922)
Foreign exchange movements	(1,618)	197
Closing net book amount	18,121	19,361
Total intangible assets	73,298	80,098

Detailed impairment testing was performed at 30 June 2020 for goodwill. Refer to Note 17(a)(i) to the financial statements for the year ended 30 June 2020 for further details of the key assumptions used in this testing and sensitivity analysis for each of the business segments.

Notes to the Financial Statements for the half year ended 29 December 2020

9. Derivative financial instruments

	December 2020 \$'000	June 2020 \$'000
Non-current assets		
Interest rate caps	6	29
	6	29
Current liabilities		
Forward foreign exchange contracts	-	24
Interest rate swaps	-	585
	-	609
Non-current liabilities		
RedBird call option (refer to note 15(c))	1,744	1,931
	1,744	1,931

10. Dividends paid and payable

No interim dividend has been paid or declared for the period ended 29 December 2020 (31 December 2019: nil).

11. Losses per share

	December 2020	December 2019
Basic losses per share (cents) from continuing operations	(17.43)	(4.69)
Basic losses per share (cents) from discontinued operations	-	-
Total basic losses per share (cents)	(17.43)	(4.69)
Diluted losses per share (cents) from continuing operations	(17.43)	(4.69)
Diluted losses per share (cents) from discontinued operations	-	-
Total diluted losses per share (cents)	(17.43)	(4.69)
Losses used in the calculation of basic and diluted earnings per share (\$'000)	(83,629)	(22,498)
Weighted average number of shares on issue used in the calculation of basic losses per share ('000)	479,706	479,618
Weighted average number of shares held by employees under employee equity plans ('000)	62	140
Weighted average number of shares on issue used in the calculation of diluted losses per share ('000)	479,706	479,618

Notes to the Financial Statements for the half year ended 29 December 2020

12. Contributed equity

No. of securities/ shares	Details	Date of income entitlement	Note	December 2020 \$'000	June 2020 \$'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	29 Dec 2020		777,124	777,124

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

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

(b) Impact of corporate restructure

Under the corporate restructure in 2018, Ardent Leisure Group Limited shares were issued to security holders 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 previous stapled Ardent Leisure 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 stapled Ardent Leisure Group at the date of the transaction of \$94.1 million was recognised as a corporate restructure reserve.

13. Reserves

	Note	December 2020 \$'000	June 2020 \$'000
Asset revaluation reserve			
Opening balance		13,358	15,499
Revaluation - Theme Parks		-	(3,059)
Tax impact of revaluation		-	918
Closing balance		13,358	13,358
Foreign currency translation reserve			
Opening balance		(568)	(5,355)
Transfer to accumulated losses for discontinued foreign operation	14	-	49
Translation of foreign operations		(12,253)	4,738
Closing balance		(12,821)	(568)
Equity-based payment reserve			
Opening balance		(8,204)	(8,092)
Option expense		(7)	(112)
Closing balance		(8,211)	(8,204)
Corporate restructure reserve			
Opening balance	12(b)	(94,091)	(94,091)
Closing balance		(94,091)	(94,091)
Total reserves		(101,765)	(89,505)

Notes to the Financial Statements for the half year ended 29 December 2020

14. Accumulated losses

	Note	December 2020 \$'000	December 2019 \$'000
Opening balance		(436,861)	(299,835)
Loss for the half year		(83,629)	(22,498)
Available for distribution		(520,490)	(322,333)
Transfer from foreign currency translation reserve	13	-	(49)
Impact of change in accounting standard		-	(352)
Closing balance		(520,490)	(322,734)

15. Interest bearing liabilities

	Note	December 2020 \$'000	June 2020 \$'000
Current			
US Term debt		1,843	2,040
Queensland Government loan ⁽¹⁾		5,500	-
Lease liabilities	16	26,356	26,863
Total current		33,699	28,903
Non-current			
US Term debt & revolving credit		215,266	237,983
RedBird preferred shares		69,198	70,322
Less: unamortised borrowing costs		(14,186)	(16,130)
Lease liabilities	16	336,919	370,078
Total non-current		607,197	662,253
Total interest bearing liabilities		640,896	691,156

(1) Under the terms of the Queensland Government loan, if the Australian entities of the Group have Excess Cash (freely available cash above an agreed level) at the end of each quarter, there is a requirement for the Group to apply such Excess Cash in reducing the loan within 30 days. This requirement was triggered in December 2020 and \$5.5 million drawn debt was repaid in January 2021. This has resulted in this debt being classified as a current liability at 29 December 2020. Notwithstanding, amounts repaid under these provisions may be redrawn in future periods.

(a) US term debt and revolving credit facilities

The Group's wholly-owned US subsidiary, Main Event Entertainment, Inc. (Main Event) has access to a US\$139.7 million (30 June 2020: US\$139.7 million) term loan facility, comprising a US\$124.8 million (30 June 2020: US\$124.8 million) drawn term loan and a US\$14.9 million (30 June 2020: US\$14.9 million) delayed draw term loan, as well as a US\$25.2 million (30 June 2020: US\$25.0 million) revolving credit facility (collectively, the US Facility). The US Facility is secured and guaranteed by Main Event and is non-recourse to the other assets of the Group.

The term debt facilities require principal repayments equal to 1% of the amounts drawn on these facilities each year.

In April 2020, Main Event's US debt facility was amended to remove US\$60.0 million undrawn capacity from its delayed draw term loan (DDTL) facility. This change was required by the lender in exchange for their consent for covenant waivers for the four quarters ending March 2021, due to the impact of the COVID-19 pandemic.

Notwithstanding the waiver noted above, the terms of the facility ordinarily 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) as well as a minimum cash holding requirement.

All of Main Event's debt facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps and caps. The weighted average interest rates payable on the US loans at 29 December 2020, including the impact of the interest rate swaps and caps, is 7.31% per annum (30 June 2020: 7.98% per annum) for USD denominated debt.

Notes to the Financial Statements for the half year ended 29 December 2020

15. Interest bearing liabilities (continued)

(a) US term debt and revolving credit facilities (continued)

As at 29 December 2020, Main Event had unrestricted access to the following US credit facilities:

	December 2020 \$'000	June 2020 \$'000
Main Event US\$ term debt ⁽¹⁾	183,949	203,596
Amount used	(183,949)	(203,596)
Amount unused	-	-
Main Event US\$ revolving credit facility ⁽²⁾	33,159	36,427
Amount used	(33,159)	(36,427)
Amount unused	-	-
Total facilities	217,108	240,023
Total amount used	(217,108)	(240,023)
Total amount unused	-	-

(1) Main Event US\$124.8 million (30 June 2020: US\$124.8 million) term debt and US\$14.9 million (30 June 2020: US\$14.9 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\$25.2 million (30 June 2020: US\$25.0 million) revolving credit facility will mature on 4 April 2024.

(b) Queensland Government loan

On 7 August 2020, the Group announced that it had received financial assistance for its Theme Parks division under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package totalling \$69.9 million comprises a three-year secured loan facility of \$63.7 million (which includes capitalised interest and fees) and grants of \$6.2 million which can be used to fund working capital and approved capital expenditure. The loan agreement was effective from 15 October 2020 and is mutually exclusive from the debt facility in place for the Group's US Main Event business.

The weighted average interest rate payable on the Queensland Government loan at 29 December 2020 is 4.11% per annum.

	December 2020 \$'000	June 2020 \$'000
Queensland Government loan facility	63,662	-
Amount used	(5,500)	-
Amount unused	58,162	-

(c) RedBird preferred shares

On 15 June 2020, the Group entered into a partnership transaction with a US-based private investment firm, RedBird Capital Partners (RedBird) under which RedBird invested US\$80.0 million via preferred shares into Main Event's US parent entity, Ardent Leisure US Holding Inc (ALUSH).

The preferred shares entitle RedBird to a 10.0% per annum preferred coupon on the US\$80.0 million invested, which is not paid in cash but accumulates and compounds semi-annually. RedBird is also entitled to participate in common stock dividends of ALUSH and residual net assets in the event of its liquidation.

In conjunction with the transaction, RedBird was granted an option to acquire additional equity in ALUSH which would enable it to move to a 51% controlling interest, exercisable between 30 June 2022 and 30 June 2024.

In accordance with the requirements of AASB 132 *Financial Instruments*, this investment is classified as a compound financial instrument and split into the following components:

	Note	December 2020 \$'000	June 2020 \$'000
Interest bearing liability		61,727	61,637
Equity (minority interest in the Group)		39,046	39,190
Derivative option liability	9	1,744	1,931

Notes to the Financial Statements for the half year ended 29 December 2020

16. Leases

(a) Amounts recognised in the balance sheet

December 2020	Buildings	Equipment	Vehicles	Total
Right-of-use assets	\$'000	\$'000	\$'000	\$'000
At 1 July 2020	326,402	654	2	327,058
Additions	10,210	92	-	10,302
Amortisation	(12,698)	(174)	(2)	(12,874)
Modifications to lease terms	-	-	5	5
Variable lease payment adjustments	411	-	-	411
Impairment	(4,613)	-	-	(4,613)
Foreign exchange movements	(31,574)	(58)	-	(31,632)
At 29 December 2020	288,138	514	5	288,657

December 2020	Buildings	Equipment	Vehicles	Total
Lease liabilities	\$'000	\$'000	\$'000	\$'000
At 1 July 2020	396,238	701	2	396,941
Additions	10,210	92	-	10,302
Interest expenses	17,477	30	-	17,507
Modifications to lease terms	-	-	5	5
Variable lease payment adjustments	419	-	-	419
Lease payments	(23,012)	(192)	(3)	(23,207)
Foreign exchange movements	(38,629)	(63)	-	(38,692)
At 29 December 2020	362,703	568	4	363,275

Lease liabilities are presented in the balance sheet as follows:

	Note	December 2020 \$'000	June 2020 \$'000
Current	15	26,356	26,863
Non-current	15	336,919	370,078
		363,275	396,941

(b) Additional profit or loss and cashflow information

The group recognised rent expenses from variable lease payments of \$120,129 for the six months ended 29 December 2020 (31 December 2019: \$86,618).

Cash flows in respect of leases in the current period are \$23.2 million (31 December 2019: \$25.2 million). For interest expenses in relation to leasing liabilities, refer to finance costs (Note 5).

Notes to the Financial Statements for the half year ended 29 December 2020

17. Fair value measurement of financial instruments

(a) Fair value hierarchy

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

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

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

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
December 2020					
Assets measured at fair value:					
Investments held at fair value		-	-	3,201	3,201
Derivative financial instruments	9	-	6	-	6
Liabilities measured at fair value:					
RedBird share purchase option	9	-	-	1,744	1,744
June 2020					
Assets measured at fair value:					
Investments held at fair value		-	-	3,201	3,201
Derivative financial instruments	9	-	29	-	29
Liabilities measured at fair value:					
Derivative financial instruments	9	-	609	-	609
RedBird share purchase option	9	-	-	1,931	1,931

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There has been no transfer between level 1, 2 and 3 during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 29 December 2020.

(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 and inputs used to value financial instruments is as follows:

- The fair value of investments in unlisted equity instruments is determined by direct comparison to the market prices paid by other independent investors in the same unlisted entity and quoted market prices for similar instruments in comparable ASX listed entities;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date; and
- The fair value of the RedBird share purchase option is determined using a Monte-Carlo simulation model which takes into account its intrinsic value (determined with reference to its strike price and its current spot price), risk free interest rates and time to expiry of the option.

Notes to the Financial Statements for the half year ended 29 December 2020

17. Fair value measurement of financial instruments (continued)

(c) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the half year ended 29 December 2020:

	December 2020 \$'000	June 2020 \$'000
Investment in Online Media Holdings Limited held at fair value		
Opening balance	3,201	2,811
Impairment reversal recognised in the income statement	-	390
Closing balance	3,201	3,201

	December 2020 \$'000	June 2020 \$'000
RedBird share purchase option		
Opening balance	1,931	1,931
Foreign exchange movement recognised in the foreign currency translation reserve	(187)	-
Closing balance	1,744	1,931

18. Related party disclosures

There were no new material related party transactions in the half year to 29 December 2020. The financial report for the year ended 30 June 2020 provides further details on the nature of previous related party transactions.

19. Contingent liabilities

A small number of civil claims relating to the 2016 Dreamworld tragedy made by families and other affected persons have yet to be finalised. They are in the process of being dealt with by the Company's liability insurer. The statutory time period for bringing civil claims has now passed.

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The plaintiff has not provided any expert valuation opinion to quantify its claim nor has the plaintiff fully particularised its claim, therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any). The Company has previously indicated (and maintains) that it believes the proceedings to be without merit and it will vigorously defend them.

The Company maintains appropriate insurances to respond to litigation and the majority of associated costs.

Unless otherwise disclosed in the financial statements, Ardent Leisure Group Limited has no other material contingent liabilities.

20. Capital commitments

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

	December 2020 \$'000	June 2020 \$'000
Property, plant and equipment		
Payable:		
Within one year	16,415	6,335
Later than one year but not later than five years	-	-
	16,415	6,335

Notes to the Financial Statements for the half year ended 29 December 2020

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 2021 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:

Amendments to AASB 9, AASB 39, AASB 7, AASB 4 and AASB 16 – Interest Rate Benchmark Reform – Phase 2

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to AASB 9, AASB 39, AASB 7, AASB 4 and AASB 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

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 29 December 2020.

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 27 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 29 December 2020 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



Brad Richmond
Director

Sydney
24 February 2021

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 29 December 2020, 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 29 December 2020 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.

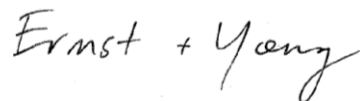
Auditor's Responsibility

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 financial position as at 29 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Ernst & Young



John Robinson
Partner
Sydney
24 February 2021