APPENDIX 4E

Preliminary Final Report
for the year ended 30 June 2015

Name of Entity: Ardent Leisure Group

Details of reporting periods

Current	30 June 2015
Previous corresponding	30 June 2014

Results for announcement to the market

				$A'000
Revenues from ordinary activities	Up	19.0%	to	594,603
Profit from ordinary activities after tax attributable to members	Down	34.4%	to	32,122
Net profit for the period attributable to members	Down	34.4%	to	32,122
Core Earnings	Down	3.3%	to	56,234

Distributions	**Amount per stapled security**	**Tax deferred amount per stapled security**
Current Period:		
Final distribution	5.50¢	
Interim distribution	4.00¢	
Interim dividend	3.00¢	
Total	12.50¢	2.93¢
Previous Corresponding Period:		
Final distribution	6.20¢	
Interim distribution	6.80¢	
Total	13.00¢	4.72¢
Record date for determining entitlements to the distribution	30 June 2015	

Explanation of results

The Group's strategy is to focus primarily on domestic leisure segments with mass market appeal. The Group's operations are diversified through its five core operating divisions, being family entertainment centres in the US, bowling centres, marinas, theme parks and health clubs.

The Group's theme parks and marinas divisions occupy strategic positions within their respective markets while the other three divisions provide well established operating platforms with organic growth opportunities to roll out new sites or make "bolt-on" acquisitions as conditions permit.

During the year, the Group acquired eight health clubs in Western Australia for $32.0 million. The Group also acquired Playtime Highpoint, an amusement arcade at Highpoint, Victoria for $2.5 million and the exclusive US and Canadian distribution and master franchise rights for the Hypoxi targeted weight loss business for $0.8 million. In addition, the Group acquired two Hypoxi studios in Randwick, NSW and Ballantyne, North Carolina for a total of $0.4 million. Refer to Note 32 to the financial statements.

During the year, the Group also closed two bowling centres at Randwick, NSW and Chadstone, Victoria and disposed of a further bowling centre at Launceston, Tasmania for $0.3 million.

In June 2015, the Group completed the sale and leaseback of three family entertainment centres at Tulsa and Oklahoma City, Oklahoma and San Antonio West, Texas, realising proceeds of US$32.0 million and a gain on disposal of US$5.3 million.

Group results

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

	Segment revenues 2015 $'000	Segment revenues 2014 $'000	Segment EBITDA* 2015 $'000	Segment EBITDA* 2014 $'000
Family entertainment centres	177,123	98,121	45,657	24,714
Bowling centres	116,510	113,889	13,989	13,765
Marinas	22,952	23,466	10,150	10,396
Theme parks	99,571	100,139	32,015	32,799
Health clubs	178,388	164,070	28,152	33,990
Other	59	18	49	(1)
Total	**594,603**	**499,703**	**130,012**	**115,663**
Depreciation and amortisation*			(36,998)	(27,148)
Divisional EBIT			**93,014**	**88,515**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, intangible asset amortisation and impairment of property, plant and equipment and intangible assets not included in divisional EBIT			(32,122)	(19,020)
Valuation loss - investment properties			(501)	-
Valuation gains - property, plant and equipment			-	8,590
Loss on closure of bowling centre			(104)	(1,579)
Loss on disposal of assets			(523)	(453)
Gain on sale and leaseback of family entertainment centres			6,959	379
Net gain/(loss) from derivative financial instruments			552	(613)
Interest income			121	211
Corporate costs			(15,056)	(12,545)
Business acquisition costs			(1,938)	(277)
Borrowing costs			(11,333)	(11,330)
Net tax expense			(6,947)	(2,876)
Profit			**32,122**	**49,002**
Core earnings (Note 11 to the financial statements)			**56,234**	**58,153**

* Segment earnings before interest, tax, depreciation and amortisation (EBITDA) excludes pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets. IFRS depreciation represents depreciation recorded under Australian Accounting Standards effective 1 July 2005 on property, plant and equipment which were previously classified as investment properties. Management believes that adjusting the segment result for these items allows the Group to more effectively compare underlying performance against prior periods and between divisions. Segment EBRITDA, which represents segment EBITDA before property costs, is another measure used by management to assess the trading performance of divisions excluding the impact of property costs.

Profit for the year decreased by $16.9 million, or 34.4%, to $32.1 million, mainly due to the following factors:

- Depreciation (including IFRS depreciation) and amortisation of property, plant and equipment and software increased by $12.4 million in the current year to $48.1 million;
- Impairment of property, plant and equipment and intangible assets of $2.8 million, and onerous lease costs of $2.6 million were incurred in the current year;
- Pre-opening costs increased by $3.9 million to $6.5 million;
- There was a revaluation loss of $0.5 million on investment properties compared to a gain of $8.6 million on property, plant and equipment in the prior year;
- Corporate costs increased by $2.5 million to $15.1 million; and
- There was a $4.1 million increase in tax expense for the year largely due to growth in profit from US operations.

However, this was partially offset by the following factors:

- Revenue from operating activities increased by $94.9 million, or 19.0%, to $594.6 million and divisional EBITDA increased by $14.3 million, or 12.4%, to $130.0 million. Further commentary on divisional results is set out separately below;
- There was a $7.0 million gain on the sale and leaseback on three Main Event family entertainment centres; and
- There was a net gain of $0.6 million from derivative financial instruments in the current year compared to a net loss $0.6 million in the prior year.

The above factors also delivered a decrease in core earnings of $1.9 million, or 3.3%, to $56.2 million. Core earnings (as defined in Note 11 to the financial statements) represents the earnings of the Group after adding back unrealised items (such as unrealised gains or losses on derivatives and unrealised valuation gains and losses on investment property and property, plant and equipment), straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, impairment of property, plant and equipment and intangible assets, amortisation of intangible assets and one off realised items.

Family entertainment centres

The performance of Main Event's family entertainment centres is summarised as follows:

	2015 US$'000	2014 US$'000	Change %
Total revenue	143,612	89,254	60.9
EBRITDA (excluding pre-opening expenses)	**52,043**	**33,513**	**55.3**
Operating margin	*36.2%*	*37.5%*	
Property costs	(15,352)	(11,112)	38.2
EBITDA	**36,691**	**22,401**	**63.8**

During the year, total US dollar revenue grew by 60.9%, driving EBITDA growth of 63.8% as a result of strong constant centre performance and the success of new centres opened over the last 12 months as set out below:

	Revenue 2015 US$'000	Revenue 2014 US$'000	Change %	EBRITDA 2015 US$'000	EBRITDA 2014 US$'000	Change %
Constant centres	83,783	77,354	8.3	38,394	35,019	9.6
New centres	59,829	11,900	402.8	25,567	5,276	384.6
Corporate and regional office expenses/sales and marketing	-	-	-	(11,918)	(6,782)	75.7
Total	**143,612**	**89,254**	**60.9**	**52,043**	**33,513**	**55.3**

Constant centre revenue growth of 8.3% was assisted by a new core food menu, bar remodels and increased amusement game contribution. Value-based promotions, growth in corporate, group and social league events and ongoing focus on customer satisfaction has driven guest spend.

Six new centres were opened during the year, in which the average revenue of new centres has substantially exceeded the average of the constant centres. Main Event now has six out of 20 centres operating successfully outside of Texas. Construction has started on five new sites with design and construction documents completed on a further two new sites due to open in FY16. Negotiations are underway for a further eight sites to open in FY17. An institutional real estate investor has agreed to fund up to US$100 million of new centre developments. The family entertainment centres division will continue to actively pursue opportunities for additional new sites in FY16 and FY17.

Bowling centres

The division recorded total revenues of $116.5 million, being an increase of 2.3% compared to the prior year. EBITDA grew by 1.6% through a combination of modest constant centre growth and growth from acquisitions. Excluding one-off make good costs for the closures of Randwick and Richmond bowling centres, EBITDA grew by 5%. Operating margin has increased from 34.2% to 34.6% in FY15.

The performance of bowling centres is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	116,510	113,889	2.3
EBRITDA (excluding pre-opening expenses)	**40,279**	**38,907**	**3.5**
Operating margin	*34.6%*	*34.2%*	
Property costs (excluding straight-line rent and onerous lease costs)	(26,290)	(25,142)	4.6
EBITDA	**13,989**	**13,765**	**1.6**

A further analysis of bowling centres performance is summarised as follows:

	Revenue 2015 $'000	Revenue 2014 $'000	Change %	EBRITDA 2015 $'000	EBRITDA 2014 $'000	Change %
Constant centres	110,206	109,755	0.4	52,772	51,381	2.7
Centres closed	1,377	3,816	(63.9)	527	1,568	(66.4)
New centres/acquisitions	4,874	288	1,592.4	2,613	157	1,564.3
Corporate and regional office expenses/sales and marketing	53	30	76.7	(15,633)	(14,199)	10.1
Total	**116,510**	**113,889**	**2.3**	**40,279**	**38,907**	**3.5**

Revenue and EBITDA growth were driven by initiatives launched during the year which include an online booking engine for social bowling and birthday parties, customer call centre for AMF, and a new food menu in the top 20 locations. Digital initiatives will continue to be executed, including a new website launched in July 2015 and mobile app planned for later in FY16.

The acquisitions of City Amusements late in FY14 and Playtime Highpoint and a new Revesby bowling centre in the current year have contributed positively to the division's results. In addition, a new Kingpin centre which opened on 1 August 2015 in Darwin has also recorded exceptional early trading results. The division is reviewing opportunities to convert key locations to multi attraction family entertainment centres and continuing to pursue further opportunities to acquire "stand alone" amusement arcades.

During the year, the division exited three centres being Randwick, Chadstone and Launceston and will continue to evaluate divestment opportunities for any underperforming non-core centres.

Marinas

The performance of marinas is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	22,952	23,466	(2.2)
EBRITDA	**12,765**	**12,944**	**(1.4)**
Operating margin	*55.6%*	*55.2%*	
Property costs	(2,615)	(2,548)	2.6
EBITDA	**10,150**	**10,396**	**(2.4)**

Revenue from marinas fell marginally by 2.2%, to $23.0 million, and EBITDA fell slightly by 2.4% to $10.2 million. Marina revenue principally comprises the following:

	2015 $'000	2014 $'000	Change %
Berthing	12,865	12,812	0.4
Land	5,220	5,375	(2.9)
Fuel and other	4,867	5,279	(7.8)
Total	**22,952**	**23,466**	**(2.2)**

FY15 berthing revenue was impacted by lower occupancy at the Spit in fourth quarter of FY15 as a result of a $5 million redevelopment which is expected to complete in first quarter of FY16. Despite this, berthing occupancies increased from 84.2% in FY14 to 85.5% in FY15. Costs were well controlled with an operating margin of 55.6% compared to 55.2% in the prior year. Revenue was also impacted by vacancies at Nelson Bay and Pier 35 and weaker fuel sales during second half of FY15.

Revenue uplift at The Spit from 24 new large berths is expected to be realised in second quarter of FY16. The marinas division will continue to focus on digital initiatives to improve customer engagement and retention as well as pursue opportunities to create value through selective redevelopment and refurbishment.

Theme parks

The performance of the theme parks is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	99,571	100,139	(0.6)
EBRITDA	**33,163**	**33,867**	**(2.1)**
Operating margin	*33.3%*	*33.8%*	
Property costs	(1,148)	(1,068)	7.5
EBITDA	**32,015**	**32,799**	**(2.4)**
Attendance	2,281,606	2,042,164	11.7
Per capita spend ($)	43.64	49.04	(11.0)

Total revenue has slightly decreased by $0.6 million, or 0.6% to $99.6 million. Full year EBITDA earnings marginally decreased by 2.4% to $32.0 million.

Theme parks have delivered a solid result despite unprecedented rainfall and the impact of Cyclone Marcia. This was assisted by a successful June 2016 pass marketing campaign and competitive pricing which has delivered incremented pass holder growth and strong continued growth from the two largest international markets being New Zealand and China.

During the year, Dreamworld launched four new food and beverage outlets to further improve guest experience.

Dreamworld was voted Queenslands Best Major Tourist attraction and Australia's third most popular tourist attraction at the annual Australia Tourism awards.

The strategy of the theme parks division is to grow revenue and earnings by continuing to invest in products which provide value and a unique experience to its customers, such as ABC Kids World which opened in June 2015 and Corroboree which has strong appeal to group, education and international markets. In addition further investment will continue to be made into digital technology, food and beverage and retail outlets to continue to improve the customer experience and drive increased spend.

The SkyPoint business continues to perform well, with strong attendance growth lead by pass holders and international markets.

Health clubs

The performance of health clubs is summarised as follows:

	2015	2014	Change
	$'000	$'000	%
Total revenue	178,388	164,070	8.7
EBRITDA (excluding pre-opening expenses)	**72,543**	**70,249**	**3.3**
Operating margin	*40.7%*	*42.8%*	
Property costs (excluding straight-line rent and onerous lease costs)	(44,391)	(36,259)	22.4
EBITDA	**28,152**	**33,990**	**(17.2)**

Revenue from our health clubs division increased by 8.7% to $178.4 million for the year, underpinned by the acquisition of the Fitness First WA portfolio in September 2014.

	Revenue	Revenue	Change	EBRITDA	EBRITDA	Change
	2015	2014		2015	2014	
	$'000	$'000	%	$'000	$'000	%
Constant clubs	148,541	158,370	(6.2)	73,702	81,044	(9.1)
Clubs closed	173	569	(69.6)	34	161	(78.9)
New clubs/acquisitions	26,839	4,193	540.1	13,319	1,793	642.8
Corporate and regional office expenses/sales and marketing	2,835	938	202.2	(14,512)	(12,749)	13.8
Total	**178,388**	**164,070**	**8.7**	**72,543**	**70,249**	**3.3**

During the year, the acquisition of eight fitness first clubs in Western Australia, together with the acquisition of the exclusive US and Canadian distribution and master franchise rights in the Hypoxi targeted weight loss business have contributed towards continued revenue growth in the current year. The Camberwell and Port Melbourne clubs, along with the initial acquisition of the Hypoxi business, have also contributed a full year of earnings in the current year, being acquired in the third quarter of the prior financial year.

However, Health clubs EBITDA was down 17.2% for the year due to competition from 24/7 operators. On a constant club basis, earnings before property costs of $73.7 million were 9.1% lower than earnings of $81.0 million in the prior corresponding period. EBITDA trends have improved during the second half of FY15 underpinned by strong improvement in member attrition across the portfolio and improved sales results, particularly from the implementation of large format full service 24/7 club conversions. A change of product strategy has driven a stronger mix of higher value membership sales in the second half the year, including higher percentages of 12 and 18 month programs.

24/7 club conversions are on schedule with 15 clubs converted by end of June 2015. Sales in these clubs were up 34.3% and leavers down 18.1% on prior corresponding periods. A further 30 clubs are scheduled to be converted during FY16.

The business will continue to further enhance its member service offering including providing unique in-club and online offerings and access to a new Goodlife digital 24/7 nutrition, fitness and health website. Six new Hypoxi studios are planned to open in Australia in FY16. In addition, the first of two new prototype Hypoxi US studios is expected to open in Scottsdale, Arizona in September 2015 to act as a flagship studio for the Hypoxi US business.

Strategic focus

Overall, the Group benefits from the diversity of its five core operating divisions. Each of the divisions has a growth strategy for FY16 with a common theme of offering the customer high quality product, a consistently high level of customer service and value.

Future earnings growth will be driven by four key operational strategies:

Customer	We aim to be truly customer centric by using research, feedback and customer analytics to deliver more innovative and relevant customer experiences that meet the ever-changing needs of our customers. To create awesome, highly valued leisure experiences that encourage more people to visit more often and spend more with us.
People	To deliver enhanced customer service and satisfaction through "noticeably better people and culture" by providing all staff with superior training, development, reward and recognition.
Volume	To drive increased volume with competitive value propositions, effective marketing, better customer service and loyalty rewards. Our aim is to maximise capacity without impacting margin.
Efficiency	To produce greater operational efficiencies by leveraging Group buying capacity and volume. To create better outcomes and solutions for our customers and staff with investment in technology and effective IT systems.

Refer to the attached Annual Financial Report for the Income Statement, Balance Sheet and Statement of Cash Flows.

Details of Distributions

The total distribution of income for the year ended 30 June 2015 will be 12.5 cents (2014: 13.0 cents) per stapled security which will be paid by the Group. An interim distribution of 7.0 cents (2014: 6.8 cents) per stapled security was paid in February 2015. This comprised a distribution paid by the Trust of 4.0 cents (31 December 2013: 6.8 cents) and a dividend paid by the Company of 3.0 cents (31 December 2013: nil) per stapled security. A final distribution for the year ended 30 June 2015 of 5.5 cents (2014: 6.2 cents) per stapled security will be paid by the Trust in August 2015. A provision has not been recognised in the financial statements at 30 June 2015 as this distribution had not been declared at the reporting date. During the year, a subsidiary of ALL paid to the Trust $1.6 million (2014: $3.9 million) relating to convertible notes which are classified as equity under Australian Accounting Standards.

Refer to the attached Annual Financial Report (Directors Report and Note 12: Distributions and dividends paid and payable).

Details of Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) was in operation for the final distribution relating to 30 June 2014 which was paid during the first half of the year. $7.4 million of this distribution was reinvested in the Group.

The DRP was also in operation for the interim distribution for the half year ended 31 December 2014 which was paid during the second half of the year. $9.4 million of this distribution was reinvested in the Group.

The last date for receipt of an election notice for participation in the DRP was 1 July 2015.

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

Statement of Retained Profits

Refer to the attached Annual Financial Report (Note 31: Retained profits/(accumulated losses)).

Net Tangible Assets

	Current period	Previous corresponding period
Net tangible asset backing per stapled security *	76¢	75¢
Net tangible asset backing per stapled security after distribution**	71¢	69¢

* 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 (ie, all liabilities, preference shares, outside equity interests etc).

** The net tangible asset backing per stapled security would have been 71¢ (2014: $0.69) for the Group if the distribution for the six months ended 30 June 2015 had been recognised in the financial statements.

Control gained or lost over entities during the period

Name of entity (or group of entities) over which control was gained	Hypoxi (F&D) LLC Hypoxi (US) LLC Hypoxi North America Pty Limited Ardent Leisure (USHC) LLC
Date control was gained	Hypoxi (F&D) LLC - 27 September 2014 Hypoxi (US) LLC – 19 September 2014 Hypoxi North America Pty Limited – 3 November 2014 Ardent Leisure (USHC) LLC – 10 December 2014
Consolidated loss from ordinary activities and extraordinary items before tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	($0.6) million
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	($0.4) million
Name of entity (or group of entities) over which control was lost	None
Date control was lost	N/A
Consolidated profit (loss) 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

Other significant information
N/A

Accounting standards used by foreign entities
IFRS

Commentary on results

	Current period	Previous corresponding period
Earnings per stapled security	7.38¢	12.13¢
Adjusted earnings per stapled security	12.92¢	14.40¢

Adjusted earnings per stapled security is calculated after adjusting for unrealised gains and losses on derivative financial instruments, valuation gains/losses on investment property and property, plant and equipment, straight-lining of fixed rent increases, amortisation of intangible assets, IFRS depreciation, pre-opening expenses, business acquisition costs, impairment of property, plant and equipment and intangible assets, onerous lease costs, gains/losses on the sale and leaseback of family entertainment centres and other one off items.

Earnings per stapled security have decreased by 4.75 cents (39.2%) from the prior year.

Adjusted earnings per stapled security have decreased by 1.48 cents (10.3%) from the prior year.

Commentary on results (continued)

	Current period	Previous corresponding period
	A$'000	**A$'000**
Returns to stapled security holders: Distributions	$55,035	$52,657

Cash distributions/dividends per stapled security for the year ended 30 June 2015 were 12.50 cents per stapled security (2014: 13.00 cents).

The final distribution of $24.3 million was not declared prior to 30 June 2015 (2014: $25.1 million).

Significant features of operating performance:

Refer explanation of results above.

Segment results:
Refer to the attached Annual Financial Report (Note 37: Segment Information).

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

Other factors:
Refer to Other Significant Information above.

Audit

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

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

Accounts not yet audited or reviewed

N/A

Audit Qualification

N/A

Annual Financial Report
for the year ended 30 June 2015

The financial report was authorised for issue by the Directors of Ardent Leisure Management Limited and Ardent Leisure Limited on 18 August 2015. The Directors have the power to amend and reissue the financial report.

Financial Report

Directors’ report to stapled security holders

The Directors of Ardent Leisure Management Limited (Manager), (as responsible entity of Ardent Leisure Trust) and the Directors of Ardent Leisure Limited present their report together with the consolidated financial report of Ardent Leisure Group (Group or Consolidated Group) and the consolidated financial report of Ardent Leisure Limited Group (ALL Group) for the year ended 30 June 2015.

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

Ardent Leisure Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are Level 16, 61 Lavender Street, Milsons Point, NSW 2061.

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

1. Directors

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

Neil Balnaves AO (Chair);
Roger Davis;
David Haslingden (appointed 6 July 2015);
Anne Keating (retired 29 October 2014);
Don Morris AO;
Greg Shaw (retired 10 March 2015);
Deborah Thomas;
George Venardos; and
Melanie Willis (appointed 17 July 2015).

2. Principal activities

The Group’s principal activity is to invest in and operate leisure and entertainment businesses in Australia, New Zealand and the United States. There were no significant changes in the nature of the activities of the Group during the year.

3. Distributions

The total distribution of income for the year ended 30 June 2015 will be 12.5 cents (2014: 13.0 cents) per stapled security which will be paid by the Group. An interim distribution of 7.0 cents (2014: 6.8 cents) per stapled security was paid in February 2015. This comprised a distribution paid by the Trust of 4.0 cents (31 December 2013: 6.8 cents) and a dividend paid by the Company of 3.0 cents (31 December 2013: nil) per stapled security. A final distribution for the year ended 30 June 2015 of 5.5 cents (2014: 6.2 cents) per stapled security will be paid by the Trust in August 2015. A provision has not been recognised in the financial statements at 30 June 2015 as this distribution had not been declared at the reporting date. During the year, a subsidiary of ALL paid to the Trust $1.6 million (2014: $3.9 million) relating to convertible notes which are classified as equity under Australian Accounting Standards.

4. Operating and financial review

Overview

The Group’s strategy is to focus primarily on domestic leisure segments with mass market appeal. The Group‘s operations are diversified through its five core operating divisions, being family entertainment centres in the US, bowling centres, marinas, theme parks and health clubs.

The Group’s theme parks and marinas divisions occupy strategic positions within their respective markets while the other three divisions provide well established operating platforms with organic growth opportunities to roll out new sites or make “bolt-on” acquisitions as conditions permit.

During the year, the Group acquired eight health clubs in Western Australia for $32.0 million. The Group also acquired Playtime Highpoint, an amusement arcade at Highpoint, Victoria for $2.5 million and the exclusive US and Canadian distribution and master franchise rights for the Hypoxi targeted weight loss business for $0.8 million. In addition, the Group acquired two Hypoxi studios in Randwick, NSW and Ballantyne, North Carolina for a total of $0.4 million. Refer to Note 32 to the financial statements.

4. Operating and financial review (continued)

Overview (continued)

During the year, the Group also closed two bowling centres at Randwick, NSW and Chadstone, Victoria and disposed of a further bowling centre at Launceston, Tasmania for $0.3 million.

In June 2015, the Group completed the sale and leaseback of three family entertainment centres at Tulsa and Oklahoma City, Oklahoma and San Antonio West, Texas, realising proceeds of US$32.0 million and a gain on disposal of US$5.3 million.

Group results

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Depreciation and amortisation*			(36,998)	(27,148)
Divisional EBIT			**93,014**	**88,515**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, intangible asset amortisation and impairment of property, plant and equipment and intangible assets not included in divisional EBIT			(32,122)	(19,020)
Valuation loss - investment properties			(501)	-
Valuation gains - property, plant and equipment			-	8,590
Loss on closure of bowling centres			(104)	(1,579)
Loss on disposal of assets			(523)	(453)
Gain on sale and leaseback of family entertainment centres			6,959	379
Net gain/(loss) from derivative financial instruments			552	(613)
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Profit			**32,122**	**49,002**
Core earnings (Note 11 to the financial statements)			**56,234**	**58,153**

* Segment earnings before interest, tax, depreciation and amortisation (EBITDA) excludes pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets. IFRS depreciation represents depreciation recorded under Australian Accounting Standards effective 1 July 2005 on property, plant and equipment which were previously classified as investment properties. Management believes that adjusting the segment result for these items allows the Group to more effectively compare underlying performance against prior periods and between divisions. Segment EBRITDA, which represents segment EBITDA before property costs, is another measure used by management to assess the trading performance of divisions excluding the impact of property costs.

Profit for the year decreased by $16.9 million, or 34.4%, to $32.1 million, mainly due to the following factors:

- Depreciation (including IFRS depreciation) and amortisation of property, plant and equipment and software increased by $12.4 million in the current year to $48.1 million;
- Impairment of property, plant and equipment and intangible assets of $2.8 million, and onerous lease costs of $2.6 million were incurred in the current year;
- Pre-opening costs increased by $3.9 million to $6.5 million;
- There was a revaluation loss of $0.5 million on investment properties compared to a gain of $8.6 million on property, plant and equipment in the prior year;
- Corporate costs increased by $2.5 million to $15.1 million; and
- There was a $4.1 million increase in tax expense for the year largely due to growth in profit from US operations.

4. Operating and financial review (continued)

Group results (continued)

However, this was partially offset by the following factors:

- Revenue from operating activities increased by $94.9 million, or 19.0%, to $594.6 million and divisional EBITDA increased by $14.3 million, or 12.4%, to $130.0 million. Further commentary on divisional results is set out separately below;
- There was a $7.0 million gain on the sale and leaseback on three Main Event family entertainment centres; and
- There was a net gain of $0.6 million from derivative financial instruments in the current year compared to a net loss $0.6 million in the prior year.

The above factors also delivered a decrease in core earnings of $1.9 million, or 3.3%, to $56.2 million. Core earnings (as defined in Note 11 to the financial statements) represents the earnings of the Group after adding back unrealised items (such as unrealised gains or losses on derivatives and unrealised valuation gains and losses on investment property and property, plant and equipment), straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, impairment of property, plant and equipment and intangible assets, amortisation of intangible assets and one off realised items.

Family entertainment centres

The performance of Main Event's family entertainment centres is summarised as follows:

	2015 US$'000	2014 US$'000	Change %
Total revenue	143,612	89,254	60.9
EBRITDA (excluding pre-opening expenses)	**52,043**	**33,513**	**55.3**
Operating margin	*36.2%*	*37.5%*	
Property costs	(15,352)	(11,112)	38.2
EBITDA	**36,691**	**22,401**	**63.8**

During the year, total US dollar revenue grew by 60.9%, driving EBITDA growth of 63.8% as a result of strong constant centre performance and the success of new centres opened over the last 12 months as set out below:

	Revenue 2015 US$'000	Revenue 2014 US$'000	Change %	EBRITDA 2015 US$'000	EBRITDA 2014 US$'000	Change %
Constant centres	83,783	77,354	8.3	38,394	35,019	9.6
New centres	59,829	11,900	402.8	25,567	5,276	384.6
Corporate and regional office expenses/sales and marketing	-	-	-	(11,918)	(6,782)	75.7
Total	**143,612**	**89,254**	**60.9**	**52,043**	**33,513**	**55.3**

Constant centre revenue growth of 8.3% was assisted by a new core food menu, bar remodels and increased amusement game contribution. Value-based promotions, growth in corporate, group and social league events and ongoing focus on customer satisfaction has driven guest spend.

Six new centres were opened during the year, in which the average revenue of new centres has substantially exceeded the average of the constant centres. Main Event now has six out of 20 centres operating successfully outside of Texas. Construction has started on five new sites with design and construction documents completed on a further two new sites due to open in FY16. Negotiations are underway for a further eight sites to open in FY17. An institutional real estate investor has agreed to fund up to US$100 million of new centre developments. The family entertainment centres division will continue to actively pursue opportunities for additional new sites in FY16 and FY17.

4. Operating and financial review (continued)

Bowling centres

The division recorded total revenues of $116.5 million, being an increase of 2.3% compared to the prior year. EBITDA grew by 1.6% through a combination of modest constant centre growth and growth from acquisitions. Excluding one-off make good costs for the closures of Randwick and Richmond bowling centres, EBITDA grew by 5%. Operating margin has increased from 34.2% to 34.6% in FY15.

The performance of bowling centres is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	116,510	113,889	2.3
EBRITDA (excluding pre-opening expenses)	**40,279**	**38,907**	**3.5**
Operating margin	*34.6%*	*34.2%*	
Property costs (excluding straight-line rent and onerous lease costs)	(26,290)	(25,142)	4.6
EBITDA	**13,989**	**13,765**	**1.6**

A further analysis of bowling centres performance is summarised as follows:

	Revenue 2015 $'000	Revenue 2014 $'000	Change %	EBRITDA 2015 $'000	EBRITDA 2014 $'000	Change %
Constant centres	110,206	109,755	0.4	52,772	51,381	2.7
Centres closed	1,377	3,816	(63.9)	527	1,568	(66.4)
New centres/acquisitions	4,874	288	1,592.4	2,613	157	1,564.3
Corporate and regional office expenses/sales and marketing	53	30	76.7	(15,633)	(14,199)	10.1
Total	**116,510**	**113,889**	**2.3**	**40,279**	**38,907**	**3.5**

Revenue and EBITDA growth were driven by initiatives launched during the year which include an online booking engine for social bowling and birthday parties, customer call centre for AMF, and a new food menu in the top 20 locations. Digital initiatives will continue to be executed, including a new website launched in July 2015 and mobile app planned for later in FY16.

The acquisitions of City Amusements late in FY14 and Playtime Highpoint and a new Revesby bowling centre in the current year have contributed positively to the division's results. In addition, a new Kingpin centre which opened on 1 August 2015 in Darwin has also recorded exceptional early trading results. The division is reviewing opportunities to convert key locations to multi attraction family entertainment centres and continuing to pursue further opportunities to acquire "stand alone" amusement arcades.

During the year, the division exited three centres being Randwick, Chadstone and Launceston and will continue to evaluate divestment opportunities for any underperforming non-core centres.

Marinas

The performance of marinas is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	22,952	23,466	(2.2)
EBRITDA	**12,765**	**12,944**	**(1.4)**
Operating margin	*55.6%*	*55.2%*	
Property costs	(2,615)	(2,548)	2.6
EBITDA	**10,150**	**10,396**	**(2.4)**

Revenue from marinas fell marginally by 2.2%, to $23.0 million, and EBITDA fell slightly by 2.4% to $10.2 million. Marina revenue principally comprises the following:

	2015 $'000	2014 $'000	Change %
Berthing	12,865	12,812	0.4
Land	5,220	5,375	(2.9)
Fuel and other	4,867	5,279	(7.8)
Total	**22,952**	**23,466**	**(2.2)**

4. Operating and financial review (continued)

Marinas (continued)

FY15 berthing revenue was impacted by lower occupancy at the Spit in fourth quarter of FY15 as a result of a $5 million redevelopment which is expected to complete in first quarter of FY16. Despite this, berthing occupancies increased from 84.2% in FY14 to 85.5% in FY15. Costs were well controlled with an operating margin of 55.6% compared to 55.2% in the prior year. Revenue was also impacted by vacancies at Nelson Bay and Pier 35 and weaker fuel sales during second half of FY15.

Revenue uplift at The Spit from 24 new large berths is expected to be realised in second quarter of FY16. The marinas division will continue to focus on digital initiatives to improve customer engagement and retention as well as pursue opportunities to create value through selective redevelopment and refurbishment.

Theme parks

The performance of the theme parks is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	99,571	100,139	(0.6)
EBRITDA	**33,163**	**33,867**	**(2.1)**
Operating margin	*33.3%*	*33.8%*	
Property costs	(1,148)	(1,068)	7.5
EBITDA	**32,015**	**32,799**	**(2.4)**
Attendance	2,281,606	2,042,164	11.7
Per capita spend ($)	43.64	49.04	(11.0)

Total revenue has slightly decreased by $0.6 million, or 0.6% to $99.6 million. Full year EBITDA earnings marginally decreased by 2.4% to $32.0 million.

Theme parks have delivered a solid result despite unprecedented rainfall and the impact of Cyclone Marcia. This was assisted by a successful June 2016 pass marketing campaign and competitive pricing which has delivered incremented pass holder growth and strong continued growth from the two largest international markets being New Zealand and China.

During the year, Dreamworld launched four new food and beverage outlets to further improve guest experience.

Dreamworld was voted Queenslands Best Major Tourist attraction and Australia's third most popular tourist attraction at the annual Australia Tourism awards.

The strategy of the theme parks division is to grow revenue and earnings by continuing to invest in products which provide value and a unique experience to its customers, such as ABC Kids World which opened in June 2015 and Corroboree which has strong appeal to group, education and international markets. In addition further investment will continue to be made into digital technology, food and beverage and retail outlets to continue to improve the customer experience and drive increased spend.

The SkyPoint business continues to perform well, with strong attendance growth lead by pass holders and international markets.

Health clubs

The performance of health clubs is summarised as follows:

	2015 $'000	2014 $'000	Change %
Total revenue	178,388	164,070	8.7
EBRITDA (excluding pre-opening expenses)	**72,543**	**70,249**	**3.3**
Operating margin	*40.7%*	*42.8%*	
Property costs (excluding straight-line rent and onerous lease costs)	(44,391)	(36,259)	22.4
EBITDA	**28,152**	**33,990**	**(17.2)**

4. Operating and financial review (continued)

Health clubs (continued)

Revenue from our health clubs division increased by 8.7% to $178.4 million for the year, underpinned by the acquisition of the Fitness First WA portfolio in September 2014.

	Revenue 2015 $'000	Revenue 2014 $'000	Change %	EBRITDA 2015 $'000	EBRITDA 2014 $'000	Change %
Constant clubs	148,541	158,370	(6.2)	73,702	81,044	(9.1)
Clubs closed	173	569	(69.6)	34	161	(78.9)
New clubs/acquisitions	26,839	4,193	540.1	13,319	1,793	642.8
Corporate and regional office expenses/sales and marketing	2,835	938	202.2	(14,512)	(12,749)	13.8
Total	**178,388**	**164,070**	**8.7**	**72,543**	**70,249**	**3.3**

During the year, the acquisition of eight fitness first clubs in Western Australia, together with the acquisition of the exclusive US and Canadian distribution and master franchise rights in the Hypoxi targeted weight loss business have contributed towards continued revenue growth in the current year. The Camberwell and Port Melbourne clubs, along with the initial acquisition of the Hypoxi business, have also contributed a full year of earnings in the current year, being acquired in the third quarter of the prior financial year.

However, Health clubs EBITDA was down 17.2% for the year due to competition from 24/7 operators. On a constant club basis, earnings before property costs of $73.7 million were 9.1% lower than earnings of $81.0 million in the prior corresponding period. EBITDA trends have improved during the second half of FY15 underpinned by strong improvement in member attrition across the portfolio and improved sales results, particularly from the implementation of large format full service 24/7 club conversions. A change of product strategy has driven a stronger mix of higher value membership sales in the second half the year, including higher percentages of 12 and 18 month programs.

24/7 club conversions are on schedule with 15 clubs converted by end of June 2015. Sales in these clubs were up 34.3% and leavers down 18.1% on prior corresponding periods. A further 30 clubs are scheduled to be converted during FY16.

The business will continue to further enhance its member service offering including providing unique in-club and online offerings and access to a new Goodlife digital 24/7 nutrition, fitness and health website.

Six new Hypoxi studios are planned to open in Australia in FY16. In addition, the first of two new prototype Hypoxi US studios is expected to open in Scottsdale, Arizona in September 2015 to act as a flagship studio for the Hypoxi US business.

Strategic focus

Overall, the Group benefits from the diversity of its five core operating divisions. Each of the divisions has a growth strategy for FY16 with a common theme that offers customers quality affordable leisure experiences, innovative products and a consistently high level of customer service, customer engagement and importantly, value for money.

Future earnings growth will be driven by four key operational strategies:

Customer	We aim to be truly customer centric by using research, feedback and customer analytics to deliver more innovative and relevant customer experiences that meet the ever-changing needs of our customers. To create awesome, highly valued leisure experiences that encourage more people, to visit more often and spend more with us.
People	To deliver enhanced customer service and satisfaction through "noticeably better people and culture" by providing all staff with superior training, development, reward and recognition.
Volume	To drive increased volume with competitive value propositions, effective marketing, better customer service and loyalty rewards. Our aim is to maximise capacity without impacting margin.
Efficiency	To produce greater operational efficiencies by leveraging Group buying capacity and volume. To create better outcomes and solutions for our customers and staff with investment in technology and effective IT systems.

5. Significant changes in the state of affairs

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

Directors' report to stapled security holders

6. Value of assets

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Value of total assets	996,507	853,007	499,065	366,403
Value of net assets	**579,482**	**505,502**	**151,007**	**84,476**

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

7. Interests in the Group

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

	Consolidated Group 2015	Consolidated Group 2014
Stapled securities on issue at the beginning of the year	405,055,708	397,803,987
Stapled securities issued under Distribution Reinvestment Plan	6,358,756	5,295,345
Stapled securities issued for Fitness First WA placement	20,746,888	-
Stapled securities issued for Security Purchase Plan	8,298,754	-
Stapled securities issued as part of ALL's employee security-based payments plans	1,862,000	1,956,376
Stapled securities on issue at the end of the year	**442,322,106**	**405,055,708**

8. Information on current Directors

Neil Balnaves AO
Chair

Appointed:

Ardent Leisure Management Limited – 26 October 2001.
Ardent Leisure Limited – 28 April 2003.

Age: 71.

Neil Balnaves was appointed as Chair of the Group in 2001. Neil has worked in the entertainment and media industries for over 50 years, previously holding the position of Executive Chairman of Southern Star Group Limited which he founded. Neil is a Trustee Member of Bond University and has an Honorary Degree of Doctor of the University. Neil is a Director of the Sydney Orthopaedic Research Institute and a member of the Advisory Council and Dean's Circle of The University of New South Wales (Faculty of Medicine) and in 2010 received an Honorary Doctorate of the University.

Neil is a Board member of the Art Gallery of South Australia, is a Director of Technicolor Australia Limited and serves on the boards of numerous advisory and community organisations and is a Foundation Fellow of the Australian Institute of Company Directors. Neil's former directorships include Hanna-Barbera Australia, Reed Consolidated Industries, Hamlyn Group, Taft Hardie and Southern Cross Broadcasting.

In 2006, Neil established The Balnaves Foundation, a philanthropic fund that focuses on education, medicine and the arts. In 2010, Neil was appointed an Officer of the Order of Australia for his services to business and philanthropy.

Neil is non-executive Chair of the Group and a member of both the Remuneration and Nomination Committee and the Audit and Risk Committee.

Former listed directorships in last three years:

None.

Interest in stapled securities:

2,801,510.

Directors' report to stapled security holders

8. Information on current Directors (continued)

Roger Davis
Director

Appointed:

Ardent Leisure Management Limited – 1 September 2009.
Ardent Leisure Limited – 28 May 2008.

Age: 63.

Roger Davis was appointed a Director of the Company in 2008. Roger brings to the Board over 35 years of experience in banking and investment banking in Australia, the US and Japan. Roger is presently Chairman of the Bank of Queensland and a Consulting Director at Rothschild (Australia) Limited and holds non-executive directorships at Argo Investments Limited, Aristocrat Leisure Limited and AIG Australia Limited. Previously, he was Managing Director at Citigroup where he worked for over 20 years and more recently was a Group Managing Director at ANZ Banking Group.

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

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

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

Former listed directorships in last three years:

The Trust Company Limited (resigned 30 November 2013).

Interest in stapled securities:

200,658.

David Haslingden
Director

Appointed:

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

Age: 54.

David Haslingden was appointed a Director of the Company and the Manager in July 2015. David is presently the Chairman and a non-executive director of Nine Entertainment Limited. David owns and operates a network of television production companies in Australia and overseas including Natural History New Zealand and Keshet Australia.

He is also a director of US charity WildAid, having been Chairman for the eight years prior to 2015.

Previously, David was President and Chief Operating Officer of Fox Networks Group and Chief Executive of Fox International Channels. David has also served as Chief Executive Officer of the National Geographic Channels business.

David has sat on a number of industry boards in the United States including the National Cable and Telecommunications Association.

David holds a BA and LLB from Sydney University and a LLM from the University of Cambridge.

Former listed directorships in the last three years:
None.

Interest in stapled securities:

Nil.

8. Information on current Directors (continued)

Don Morris AO
Director

Appointed:

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

Age: 70.

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

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

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

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

Don's current directorships include Ausflag Limited and The Sport and Tourism Youth Foundation.

He was appointed an Adjunct Professor in Tourism, Sport, and Hotel Management at Griffith University in 2012.

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

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

Former listed directorships in the last three years:
None.

Interest in stapled securities:

13,950.

8. Information on current Directors (continued)

Deborah Thomas

Managing Director and Chief Executive Officer

Appointed:

Ardent Leisure Management Limited – 1 December 2013.
Ardent Leisure Limited – 1 December 2013.

Age: 59.

Deborah Thomas was appointed a Director of both the Company and the Manager in December 2013. On 10 March 2015, Deborah was appointed as the Managing Director and Chief Executive Officer of the Group and commenced in this role on 7 April 2015.

One of Australia's most successful publishing executives, Deborah brings over 28 years of experience in media to the role of Chief Executive Officer. A former Editor-in-Chief of The Australian Women's Weekly, a position she held for almost a decade, Deborah has a deep understanding of product innovation, marketing, retail sales, advertising and digital development communications.

As Editorial Director across Bauer Media's portfolio of Women's Lifestyle magazines and Custom Publishing, Deborah was responsible for editorial direction, customer relationships, corporate marketing, public affairs, events and new revenue streams. These initiatives included licensed products for major brands in partnership with retail stores across Australia and New Zealand. Deborah was a director on the board of Post ACP, the company's joint venture between Bauer Media and the Bangkok Post (Thailand). She is currently Deputy Chair of the National Library of Australia.

Former listed directorships in the last three years:
None.

Interest in stapled securities:

20,331.

George Venardos

Director

Appointed:

Ardent Leisure Management Limited – 22 September 2009.
Ardent Leisure Limited – 22 September 2009.

Age: 57.

George Venardos was appointed a Director of both the Company and the Manager in September 2009. George is a Chartered Accountant with more than 35 years' experience in finance, accounting, insurance and funds management.

His former positions include Group Chief Financial Officer of Insurance Australia Group and, for 10 years, Chairman of the Finance and Accounting Committee of the Insurance Council of Australia. George also held the position of Finance Director of Legal & General Group in Australia and was named Insto Magazine's CFO of the Year for 2003.

George holds a Bachelor of Commerce in Accounting, Finance and Systems from The University of New South Wales. He is also a Fellow of The Institute of Chartered Accountants in Australia, the Australian Institute of Company Directors and the Taxation Institute of Australia. He holds a Diploma in Corporate Management and is a Fellow of the Governance Institute of Australia.

George's other ASX listed non-executive director positions include IOOF Holdings Limited and BluGlass Limited.

George is Chair of both the Audit and Risk Committee and the Remuneration and Nomination Committee and is also a member of the Safety, Sustainability and Environment Committee.

Former listed directorships in the last three years:

Miclyn Express Offshore Limited (resigned 21 June 2013).

Interest in stapled securities:

198,053.

8. Information on current Directors (continued)

Melanie Willis
Director

Appointed:

Ardent Leisure Management Limited – 17 July 2015.
Ardent Leisure Limited – 17 July 2015.

Age: 51.

Melanie Willis was appointed a Director of both the Company and the Manager in July 2015 and brings to the Group significant experience in the global financial, investment banking and professional services sectors.

Melanie has had extensive exposure to domestic and international leisure related businesses and is currently a non-executive director of Mantra Group and Pepper Group. Melanie recently held the position of Chief Executive Officer of NRMA Investments where she was responsible for the commercial businesses and overall group strategy.

Previously, Melanie held non-executive directorships at Crowe Horwath Australasia Limited, Aevum Limited, Hydro Tasmania and Rhodium Asset Solutions Limited, as well as senior executive positions within Deutsche Bank and Bankers Trust Australia.

Melanie holds a Bachelor of Economics from the University of Western Australia, a Masters of Law (Tax) from The University of Melbourne and a Company Director Diploma from the Australian Institute of Company Directors.

In addition, Melanie has completed a leadership course at Harvard Business School, and is a member of both Chief Executive Women and the Big Issue Women's Advisory Board.

Former listed directorships in the last three years:

Crowe Horwath Limited (resigned 30 October 2014).

Interest in stapled securities:

Nil.

9. Meetings of Directors

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

	Full meetings of Directors		Meetings of Committees: Audit and Risk		Meetings of Committees: Remuneration and Nomination		Meetings of Committees: Safety, Sustainability and Environment	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Neil Balnaves AO	9	9	4	3	5	5	N/A	N/A
Roger Davis	9	8	4	3	5	4	4	4
Anne Keating	3	3	2	2	1	1	N/A	N/A
Don Morris AO	9	9	N/A	N/A	5	5	3	3
Greg Shaw	5	5	N/A	N/A	N/A	N/A	3	3
Deborah Thomas	9	9	N/A	N/A	3	3	N/A	N/A
George Venardos	9	9	4	4	5	5	4	4

10. Company Secretary

The Group's Company Secretary is Alan Shedden. Alan was appointed to the position of Secretary of the Manager and ALL on 9 September 2009.

Alan has over 17 years of experience as a Company Secretary and, prior to joining the Group, held positions at Brookfield Multiplex Limited and Orange S.A., the mobile telecommunications subsidiary of France Telecom S.A. Alan also acts as Group General Manager Corporate Services and provides guidance to the human resources, health and safety, insurance, Australian Financial Services (AFS) licence compliance and energy efficiency functions. Alan holds a degree in business studies and is a Fellow of the Institute of Chartered Secretaries and Administrators.

11. Remuneration report

The Manager and the Directors of ALL present the remuneration report for the Group for the year ended 30 June 2015.

The remuneration report is set out under the following main headings:

(a) Key remuneration objectives;
(b) Remuneration framework and strategy;
(c) Details of remuneration – key management personnel;
(d) Service agreements of key management personnel;
(e) Deferred Short Term Incentive Plan (DSTI);
(f) Long Term Incentive Plan (LTIP); and
(g) Additional information.

The information provided in the remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

(a) Key remuneration objectives

The objective of the Group's executive framework is to attract and retain high quality executives by ensuring that executive remuneration is competitive with prevailing employment market conditions and also providing sufficient motivation by ensuring that remuneration is aligned to the Group's results.

In August 2014, the Board commissioned an independent remuneration review by Aon Hewitt which benchmarked the remuneration packages for certain key executives including the Chief Executive Officer. Following the presentation of this review, the Board resolved to increase the remuneration packages for key executives and implemented an increase in the LTIP target component for the Chief Executive Officer to ensure that the remuneration mix was consistent with market practice.

The Board has adopted a process of annual benchmarking of key management personnel (KMP) and accordingly the Remuneration and Nomination Committee also commissioned independent benchmarking from Ernst & Young of the Chief Executive Officer roles in both family entertainment centres and health clubs. These reports resulted in the Board adopting revised package structures for these positions including the increase of the LTIP component and the adoption of a stretch target short term incentive (STI) mechanism.

The stretch target STI operates purely in relation to the over-achievement of financial key performance indicators (KPIs) and allows participating executives the opportunity to receive 160% of their target STI if they exceed their financial KPIs by 120%. Delivery of the stretch payment is made through the issue of performance rights under the terms of the DSTI which vest into fully paid stapled securities over the following 1 and 2 years after grant.

The transition of the Chief Executive Officer role from Greg Shaw to Deborah Thomas announced to the market on 10 March 2015 resulted in a review of roles and responsibilities for key executives in the Group. Following amendments made to the position description of the Chief Financial Officer, a benchmark exercise was undertaken of the new role and this resulted in the Board increasing the fixed remuneration of the Chief Financial Officer.

Although none of the independent benchmarking reports constituted "remuneration recommendations" under the Corporations Act 2001, as a matter of good governance they were prepared independently and presented directly to the Remuneration and Nomination Committee. As a result, the Directors are satisfied that the reports were prepared in a manner free from undue influence by the Group's KMP.

Throughout this process, the Remuneration and Nomination Committee has sought to maintain the alignment of key executives with investors through the adoption of a total shareholder return (TSR) performance measure and a second performance measure for the LTIP based upon an internal compound earnings per security (EPS) growth target. This dual performance measure is designed to drive sustainable growth and provide meaningful security holdings for executive KMP and thus extend the Group's long term approach to executive remuneration.

11. Remuneration report (continued)

(a) Key remuneration objectives (continued)

The components of the remuneration package of the Chief Executive Officer and other executive KMP for the financial year are set out in the table below:

Position	Name	Annual base salary	STI[1] Cash	STI[1] Deferred equity	LTIP[1]	Total annual target remuneration
Chief Executive Officer	Deborah Thomas[2]	$670,000	25%	25%	50.00%	$1,340,000
Chief Financial Officer	Richard Johnson[3]	$516,305	50%	25%	37.50%	$1,097,148
CEO – Bowling centres	Nicole Noye[4]	$360,000	35%	35%	15.00%	$666,000
CEO – Health clubs	Greg Oliver	$460,000	35%	35%	15.00%	$851,000
CEO – Main Event	Charlie Keegan[5]	US$400,000	35%	35%	30.00%	US$800,000
CEO – Theme parks	Craig Davidson	$350,000	35%	35%	15.00%	$647,500
Chief Executive Officer	Greg Shaw[6]	$800,000	50%	25%	40.00%	$1,720,000

(1) Target STI and LTIP remuneration components are expressed as percentages of the annual base salary.
(2) Deborah Thomas was appointed Chief Executive Officer effective 7 April 2015.
(3) Annual base salary increased from $401,305 to $516,305 from 1 April 2015.
(4) Appointed 16 June 2014.
(5) Total target annual remuneration does not include stretch potential for over-achievement of financial KPIs.
(6) The retirement of Greg Shaw as Chief Executive Officer was announced to the ASX on 10 March 2015 and he ceased to be considered KMP on 7 April 2015.

It should be noted that the base salary is considered secure and the STI and LTIP figures set out above are considered "at risk" and will only be paid if performance targets have been achieved.

(b) Remuneration framework and strategy

The Group's remuneration framework seeks to align executive reward with the achievement of strategic objectives and in particular, the creation of sustainable value and earnings growth for investors. In addition, the Board seeks to have reference to market best practice to ensure that executive remuneration remains competitive, fair and reasonable.

(i) Non-Executive Directors

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

Non-Executive Directors are paid solely by the way of directors' fees and do not participate in any equity or short term cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum aggregate of directors' fees payable to Directors of the Group is set out in clause 16.1 of the Constitution of Ardent Leisure Limited. The maximum total aggregate level of directors' fees payable by the Group is $1,200,000 per annum and was set by investors at the 30 October 2014 general meeting.

The Board last reviewed the fee structure in December 2013 and this structure, which remains within the constitutional cap of $1,200,000 per annum (inclusive of superannuation), is as follows:

Position		Current annual fee
Board Chair		$205,000
Other Non-Executive Director		$120,000
Audit and Risk Committee	- Chair	$20,000
	- Member	$15,000
Other Committee	- Chair	$12,500
	- Member	$7,500

11. Remuneration report (continued)

(b) Remuneration framework and strategy (continued)

(ii) Executive pay

The executive pay and reward framework has three components:

- base pay and benefits;
- performance incentives; and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay	Performance incentives	
	STI (Cash / Deferred equity)	LTIP
A total employment cost which can be made up of a mix of cash salary, employer superannuation contributions and non-financial benefits such as provision of a motor vehicle.	The STI is a performance bonus set against pre-determined financial and personal key performance indicators. The STI paid is split into a cash bonus payment and a deferred equity component. The equity-based deferral of a component of the STI awarded is deferred over a period of one and two years.	Equity incentives that vest in three tranches over a four year testing period and aligned to both targeted internal compound earnings per share growth and total shareholder return.
SECURE	AT RISK	AT RISK

Base pay

Base pay includes salary, employer superannuation contributions and non-cash benefits such as provision of a motor vehicle. Base pay is reviewed annually to ensure that executive pay is competitive with the market. There are no guaranteed base pay increases in the contracts. Base pay is also reviewed on promotion.

Performance incentives

Performance incentives may be granted under the terms of both the STI and LTIP plans. The relative proportions of fixed remuneration and performance incentives for executives KMP are set out below:

			STI		LTIP
Position	Name	Base salary	Cash	Deferred equity	
Chief Executive Officer	Deborah Thomas[1]	50.00%	12.50%	12.50%	25.00%
Chief Financial Officer	Richard Johnson	47.06%	23.53%	11.76%	17.65%
CEO – Bowling centres	Nicole Noye	54.05%	18.92%	18.92%	8.11%
CEO – Health clubs	Greg Oliver	54.05%	18.92%	18.92%	8.11%
CEO – Main Event	Charlie Keegan[2]	50.00%	17.50%	17.50%	15.00%
CEO – Theme parks	Craig Davidson	54.05%	18.92%	18.92%	8.11%
Chief Executive Officer	Greg Shaw[3]	46.51%	23.26%	11.63%	18.60%

(1) Deborah Thomas was appointed Chief Executive Officer effective 7 April 2015.
(2) Cash STI excludes stretch potential for over-achievement of financial KPIs.
(3) The retirement of Greg Shaw as Chief Executive Officer was announced to the ASX on 10 March 2015 and he ceased to be considered KMP on 7 April 2015.

It should be noted that none of the Non-Executive Directors participates in the Group's performance incentive plans.

STI

Cash

The STI or bonus program is designed to reward executives for achievement of a number of key performance indicators (KPIs). These KPIs are split into financial and personal categories, with the financial measures based around earnings and revenue targets representing between 50% - 60% of an executive's STI entitlement and personal measures representing the remainder. The percentage split between financial and personal measures varies between executives depending upon the outcomes and behaviours being driven.

For executives who act in Group-wide roles, the financial KPIs are based on Group earnings and revenue related measures. In contrast, divisional earnings and revenue measures are used for those executives who occupy divisional roles.

11. Remuneration report (continued)

(b) Remuneration framework and strategy (continued)

(ii) Executive pay (continued)

STI (continued)

Cash (continued)

Personal KPIs for executives are not financial in nature and are set around execution of improvements and initiatives in such functions as health and safety, risk management, compliance, relationship management, customer engagement, employee satisfaction, employee engagement and other strategic initiatives. Hypothetical examples of personal KPIs which may be used are set out in the table below:

Strategy	Refine and implement the Group's strategic vision and target opportunities to take advantage of macro-environmental shifts in consumer interests and expectations of leisure experiences.
Sales and marketing	Implement a divisional loyalty program to drive repeat visitation and develop cross promotional opportunities.
	Implement an end-to-end process for the collation of suitable consumer data to allow targeted customer segmentation, analysis and direct messaging to drive revenue.
People	Provide leadership and create a culture of innovation, productivity and respect, with a strong focus on customer service.
	Demonstrate significant improvement in the top three areas for improvement identified in the annual staff engagement survey.
	Improve the level and timeliness of the Group's internal and external communications.
	Identify and implement measures to increase the competency and level of talent across the Group.
Innovation	Incubate multiple new product development initiatives aimed at increasing visitation, customer spend and dwell time.
	Identify opportunities for the digital enhancement of the Group's operational efficiency.
Health and safety	Standardise the adoption and reporting of safety lead indicators to ensure that safety remains a priority across all divisions. Drive continued improvements in safety systems and culture to achieve meaningful improvements in safety outcomes.
Customer	Establish customer feedback mechanisms to record and report customer service metrics to line management.

The extent to which an executive achieves their personal and financial KPIs is assessed by the Remuneration and Nomination Committee based upon recommendations from the Chief Executive Officer. The resulting cash bonuses are traditionally payable in cash by 30 September each year. Using a combination of revenue and earnings targets ensures that STI payments are only available when sustainable value has been created for investors and profit is consistent with the Group's business plan.

Maximum achievable awards to KMP under the STI range between 50% - 75% of an executive's base salary (including superannuation) dependent upon the executive's position.

Deferred equity

A percentage of the actual STI paid to an executive may be deferred and settled in performance rights to acquire fully paid Group stapled securities for nil exercise price. These performance rights are issued under the terms of the Group's Deferred Short Term Incentive plan rules and vest in two equal tranches in one year and two years.

LTIP

The LTIP awards performance rights ranging between 15.0% and 40.0% of an executive's base salary (including superannuation) dependent upon the executive's role. Further details of the LTIP are set out in section (f) below.

(iii) Alignment with investor interests

The Directors are committed to the alignment of executives' remuneration with investors' interests and seek to achieve this through the most appropriate mix of base pay and short and long term incentives.

In the 2015 financial year, KMP KPIs were set to drive divisional and Group earnings, with targets set within the Group's budgetary framework. In this way, the KPIs used to determine performance under the STI are used to align KMP remuneration with sustainable earnings growth and other operational long term goals. The deferral of a component of the STI into equity acts as a two year retention tool to ensure that earnings targets are not achieved at the expense of long term profitability and growth.

11. Remuneration report (continued)

(b) Remuneration framework and strategy (continued)

(iii) Alignment with investor interests (continued)

The LTIP further aligns executives' remuneration with long term investor returns through the total shareholder return performance hurdle. The LTIP is subject to the dual measures of total shareholder return and an internal compound EPS measure. In this way, the LTIP provides a direct link between executive reward and investor return and offers no benefit to individual executives unless the Group's performance exceeds the 50th percentile of the benchmark Australian Securities Exchange (ASX) Small Industrials Index and a minimum compound EPS growth in the performance period.

(c) Details of remuneration – key management personnel

KMP are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 30 June 2015, the KMP for the Group comprise the Independent Directors and the following:

Position	Name
Chief Executive Officer[1]	Deborah Thomas
Chief Financial Officer	Richard Johnson
CEO – Bowling centres	Nicole Noye
CEO – Theme parks	Craig Davidson
CEO – Main Event	Charlie Keegan
CEO – Health clubs	Greg Oliver
Chief Executive Officer[2]	Greg Shaw

(1) Deborah Thomas was appointed Chief Executive Officer effective 7 April 2015.
(2) The retirement of Greg Shaw as Chief Executive Officer was announced to the ASX on 10 March 2015 and he ceased to be considered KMP on 7 April 2015.

Details of the remuneration of KMP of the Group for 2015 and 2014 are set out in the tables on the following pages. The tables set out the total cash benefits paid to the KMP in the relevant period and, under the heading "Security-based payments", show a component of the fair value of the performance rights. The fair value of the performance rights is recognised over the vesting period as an employee benefit expense. Further details of the fair value calculations are set out in sections (e) and (f) below.

		Short term benefits			Post-employment benefits		Other long term benefits					
		Salary $	Cash bonus $	Annual leave $	Super-annuation $	Retirement $	Other $	Termination $	Total cash payment $	Security-based payments $	Total $	Security-based payment % of total
Independent Directors												
Current												
Neil Balnaves AO	2015	207,762	-	-	18,783	-	-	-	226,545	-	226,545	-
Chair	2014	195,459	-	-	17,268	-	-	-	212,727	-	212,727	-
Roger Davis	2015	141,553	-	-	13,447	-	-	-	155,000	-	155,000	-
	2014	135,158	-	-	12,502	-	-	-	147,660	-	147,660	-
Don Morris AO	2015	121,005	-	-	11,495	-	-	-	132,500	-	132,500	-
	2014	119,132	-	-	11,020	-	-	-	130,152	-	130,152	-
George Venardos	2015	142,838	-	-	13,570	-	-	-	156,408	-	156,408	-
	2014	137,452	-	-	12,714	-	-	-	150,166	-	150,166	-
Past												
Anne Keating (Note 1)	2015	43,916	-	-	4,172	-	-	-	48,088	-	48,088	-
	2014	128,287	-	-	11,867	-	-	-	140,154	-	140,154	-
Executive Directors												
Current												
Deborah Thomas (Note 2)	2015	244,002	-	-	13,173	-	-	-	257,175	-	257,175	-
	2014	67,353	-	-	6,230	-	-	-	73,583	-	73,583	-
Past												
Greg Shaw (Note 3)	2015	738,984	336,509	42,065	18,783	-	-	-	1,136,341	534,100	1,670,441	31.97%
	2014	677,105	334,500	56,425	17,775	-	-	-	1,085,805	452,810	1,538,615	29.43%

11. Remuneration report (continued)

(c) Details of remuneration – key management personnel (continued)

		Short term benefits			Post-employment benefits		Other long term benefits					
		Salary $	Cash bonus $	Annual leave $	Super-annuation $	Retirement $	Other $	Termination $	Total cash payment $	Security-based payments $	Total $	Security-based payment % of total
Other key management personnel												
Current												
Craig Davidson (Note 4)	2015	309,837	74,720	21,379	18,783	-	-	-	424,719	64,024	488,743	13.1%
CEO – Theme parks	2014	236,327	-	19,694	15,699	-	-	-	271,720	-	271,720	-
Richard Johnson	2015	414,937	190,018	7,414	18,783	-	-	-	631,152	248,250	879,402	28.23%
Chief Financial Officer	2014	354,028	184,000	29,502	17,775	-	-	-	585,305	244,915	830,220	29.50%
Charlie Keegan	2015	454,967	148,986	27,658	-	-	-	-	631,611	251,404	883,015	28.47%
CEO – Main Event	2014	364,669	122,331	30,389	-	-	-	-	517,389	373,768	891,157	41.94%
Nicole Noye (Note 5)	2015	325,469	-	15,748	18,783	-	-	-	360,000	-	360,000	-
CEO – Bowling centres	2014	13,788	-	1,149	1,382	-	-	-	16,319	-	16,319	-
Greg Oliver	2015	425,944	136,945	15,273	18,783	-	-	-	596,945	187,110	784,055	23.86%
CEO – Health clubs	2014	371,285	119,310	30,940	17,775	-	-	-	539,310	161,725	701,035	23.07%
Past												
Lee Chadwick (Note 6)	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex CEO – Bowling centres	2014	316,532	49,333	26,378	17,775	-	-	-	410,018	-	410,018	-
Todd Coates (Note 7)	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex CEO – Theme parks	2014	31,820	-	2,652	2,452	-	-	-	36,924	(38,285)	(1,361)	-
	2015	3,571,214	887,178	129,537	168,555	-	-	-	4,756,484	1,284,888	6,041,372	21.3%
	2014	3,148,395	809,474	197,129	162,234	-	-	-	4,317,232	1,194,933	5,512,165	21.7%

(1) Anne Keating retired on 29 October 2014.
(2) Deborah Thomas was appointed a Non-Executive Director of the Group effective 1 December 2013 and is considered KMP from this date. Deborah Thomas was appointed Chief Executive Officer effective 7 April 2015.
(3) The retirement of Greg Shaw as Chief Executive Officer was announced to the ASX on 10 March 2015 and he ceased to be considered KMP on 7 April 2015.
(4) Craig Davidson was appointed CEO of Theme parks on 2 September 2013 and is considered KMP from this date.
(5) Nicole Noye was appointed CEO of Bowling centres on 16 June 2014 and is considered KMP from this date.
(6) Lee Chadwick resigned from the Group effective 16 June 2014.
(7) Todd Coates resigned from the Group effective 31 July 2013.

No termination benefits were paid to KMP during the current financial year. There are no cash bonuses or options forfeited with respect to specified executives not previously disclosed. No payments were made to KMP by the Group before they became employees.

Security-based payments included in the tables above reflect the amounts in the Income Statements of the Group. For performance rights issued to all Australian and US KMP post 1 July 2014, this amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting or reporting date for those instruments not yet vested. For performance rights issued to US KMP prior to 1 July 2014, this amount is based on the fair value of the equity instruments at the reporting date. During the year, 716,574 plan securities were issued to Australian employees under the deferred equity component of the STI (2014: 722,192). If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in KMP compensation would be increased by $380,464 to $1,665,352 (2014: increased by $3,110,201 to $4,305,134).

11. Remuneration report (continued)

(d) Service agreements of key management personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. Each of these agreements provides for the payment of performance related cash bonuses and participation in the Group's long term incentive plans. Other major provisions of the agreements relating to remuneration as at 30 June 2015 are set out below:

Executive	**Deborah Thomas**	**Richard Johnson**	**Craig Davidson**	**Charlie Keegan**	**Nicole Noye**	**Greg Oliver**
Position	Chief Executive Officer	Chief Financial Officer	CEO – Theme parks	CEO – Main Event	CEO – Bowling centres	CEO – Health clubs
Term	No fixed term.	No fixed term.	No fixed term.	Contract subject to automatic annual renewal.	No fixed term.	No fixed term; however, may not be terminated earlier than September 2015 unless certain early termination conditions are triggered.
Base annual salary	$670,000 as at 30 June 2015.	$516,305 as at 30 June 2015.	$350,000 as at 30 June 2015.	US$400,000 as at 30 June 2015.	$360,000 as at 30 June 2015.	$460,000 as at 30 June 2015.
Termination	Employment shall continue with the Group unless the executive gives the Group six months' notice in writing, or the Group gives the executive 12 months' notice in writing.	Employment shall continue with the Group unless the executive gives the Group six months' notice in writing, or the Group gives the executive 12 months' notice in writing.	Employment shall continue with the Group unless either party gives three months' notice in writing.	During the contract term, employment shall continue with the Group unless the executive gives three months' notice in writing. An early termination payment equal to one year's salary is payable to the executive if the Group terminates the executive during the contract, other than for gross misconduct.	Employment shall continue with the Group unless either party gives three months' notice in writing.	Employment shall continue with the Group unless either party gives six months' notice in writing.

All base salary amounts are inclusive of any superannuation payment and will be reviewed annually. With the exception of the terms noted above, there are no contracted termination benefits payable to any KMP.

11. Remuneration report (continued)

(e) Deferred Short Term Incentive Plan (DSTI)

Plan name	DSTI
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the DSTI.
Types of securities issued	Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
Treatment of non-Australian residents	For employees who are not Australian residents, the DSTI historically granted cash awards to those executives. Administrative arrangements have now been made to issue equity awards and not cash awards to non-resident executives. All awards, whether equity or cash, are subject to the same tenure hurdles.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally one year and two years following the grant date.
What are the vesting conditions?	Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.
Did any of the securities vest?	During the financial year, a total of 777,419 performance rights vested.

Australian employees

Since 1 July 2010, incentives have been provided to certain executives under the DSTI. Under the terms of the DSTI, employees may be granted performance rights, of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 16 December 2010, with the first vesting date being the day after the full year results announcement for the year ended 30 June 2011. A total of 659,745 performance rights vested on 19 August 2014 and 12 March 2015 and a corresponding number of stapled securities were issued to Australian employees under the terms of the DSTI (2014: 722,192).

The characteristics of the DSTI indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the DSTI's service criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the DSTI is accounted for as a cash settled share-based payment.

Fair value – Australian employees

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

The fair value of the performance rights granted under the DSTI is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of performance rights is determined at each reporting date using a binomial tree valuation model with the movement in fair value of the liability being recognised in the Income Statement.

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

11. Remuneration report (continued)

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the DSTI were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of each vesting period, the number of performance rights which would have vested is multiplied by the Group stapled security volume weighted average price (VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 60,845 cash settled performance rights vested on 19 August 2014 to US employees under the terms of the DSTI (2014: 135,090). Following steps taken to issue equity to US resident employees, all new performance rights issued after1 July 2014 will be settled in equity upon vesting in future periods. As such, these performance rights are considered to be equity settled share-based payments under AASB 2. A total of 56,829 equity settled performance rights vested on 19 August 2014 (2014: nil). In the ALL financial statements, all performance rights issued to US employees are considered to be cash settled.

Fair value – US employees

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

The fair value of equity settled performance rights is determined at grant date using a binomial tree valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

Valuation inputs

For the performance rights outstanding at 30 June 2015, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the date of grant. This valuation is used to value the equity settled performance rights granted to employees at 30 June 2015:

Grant	2013	2014
Grant date	23 August 2013	19 August 2014
Vesting date – year 1	19 August 2014	31 August 2015
Vesting date – year 2	31 August 2015	31 August 2016
Average risk free rate	2.60% per annum	2.50% per annum
Expected price volatility	30.9% per annum	27.0% per annum
Expected distribution yield	6.6% per annum	4.3% per annum
Stapled security price at grant date	$1.82	$3.00
Valuation per performance right on issue	$1.66	$2.81

The table below shows the fair value of the performance rights in each grant as at 30 June 2015 as well as the factors used to value the performance rights as at 30 June 2015. This valuation is used to value the cash settled performance rights granted to employees at 30 June 2015:

Grant	2013	2014
Grant date	23 August 2013	19 August 2014
Vesting date – year 1	19 August 2014	31 August 2015
Vesting date – year 2	31 August 2015	31 August 2016
Average risk free rate	2.00% per annum	2.00% per annum
Expected price volatility	41.9% per annum	41.9% per annum
Expected distribution yield	5.8% per annum	5.8% per annum
Stapled security price at year end	$2.17	$2.17
Valuation per performance right at year end	$2.17	$2.10

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

11. Remuneration report (continued)

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

Tenure hurdle

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

Performance rights

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

30 June 2015	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current executives							
Craig Davidson	-	26,613	-	-	26,613	-	26,613
Richard Johnson	90,288	33,839	(62,577)	-	61,550	-	61,550
Charlie Keegan	72,993	47,306	(36,497)	-	83,802	-	83,802
Nicole Noye	-	-	-	-	-	-	-
Greg Oliver	115,177	48,755	(79,241)	-	84,691	-	84,691
Deborah Thomas	-	-	-	-	-	-	-
Past executives							
Greg Shaw	162,041	59,926	(221,967)	-	-	-	-
Equity settled	**440,499**	**216,439**	**(400,282)**	**-**	**256,656**	**-**	**256,656**
Current executives							
Charlie Keegan	41,654	-	(41,654)	-	-	-	-
Cash settled	**41,654**	**-**	**(41,654)**	**-**	**-**	**-**	**-**
	482,153	**216,439**	**(441,936)**	**-**	**256,656**	**-**	**256,656**

11. Remuneration report (continued)

(f) Long Term Incentive Plan (LTIP)

Plan name	LTIP
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the LTIP.
Types of securities issued	Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
Treatment of non-Australian residents	For employees who are not Australian residents, the LTIP historically granted cash awards to those executives. Administrative arrangements have now been made to issue equity awards and not cash awards to non-resident executives. All awards, whether equity or cash, are subject to the same performance and tenure hurdles.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally two, three and four years following the grant date, subject to meeting the total shareholder return (TSR) and internal compound earnings per security (EPS) performance hurdles. The weighting between the two hurdles will be split as follows: • TSR – 50%; and • EPS – 50%.
What are the vesting conditions?	For grants made after 1 July 2014, in order for any or all of the performance rights to vest one or both of the following hurdles must be met: • TSR performance hurdle - the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark group for the same period. A sliding scale of vesting applies above the 50th percentile threshold; and • EPS performance hurdle - the Group's compound EPS growth for the performance period must exceed 5%. A sliding scale of vesting applies above the 5% threshold.
What does total shareholder return include?	TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.
What is the earnings per security hurdle?	The EPS hurdle refers to the annual growth of earnings per security over the total vesting periods of two, three and four years from the grant date.
What is the benchmark group?	The benchmark group comprises the ASX Small Industrials Index.
Did any of the securities vest?	During the financial year, a total of 1,202,878 performance rights reached vesting following an independent third party assessment of the Group's TSR performance compared to the benchmark.

11. Remuneration report (continued)

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

Australian employees

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

During the year, the relative TSR performance of the Group was tested in accordance with the LTIP for tranches issued in 2010, 2011 and 2012 with the following results:

Tranche	TSR percentile	Vesting percentage
T3-2010	96.70	100.0%
T2-2011	93.62	100.0%
T1-2012	91.75	100.0%

A total of 1,145,426 performance rights vested on 19 August 2014 and a corresponding number of stapled securities were issued to Australian employees under the terms of the LTIP (2014: 1,234,184).

The characteristics of the LTIP indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the LTIP's service and performance criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the LTIP is accounted for as a cash settled share-based payment.

Fair value – Australian employees

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

The fair value of the performance rights granted under the LTIP is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of performance rights is determined at each reporting date using a Monte Carlo simulation valuation model with the movement in fair value of the liability being recognised in the Income Statement.

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the DSTI were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of each vesting period, the number of performance rights which would have vested is multiplied by the Group stapled security VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 57,452 cash settled performance rights vested on 19 August 2014 to US employees under the terms of the LTIP (2014: 69,060). Following steps taken to issue equity to US resident employees, all new performance rights issued after 1 July 2014 will be settled in equity upon vesting in future periods. As such, these performance rights are considered to be equity settled share-based payments under AASB 2.

Fair value – US employees

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

The fair value of equity settled performance rights is determined at grant date using a Monte Carlo simulation valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

11. Remuneration report (continued)

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

Valuation inputs

For performance rights outstanding at 30 June 2015, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. This valuation is used to value the equity settled performance rights granted to employees at 30 June 2015:

Grant	2011	2012	2013	2014
Grant date	12 September 2011	24 August 2012	23 August 2013	19 August 2014
Vesting date – year 2	23 August 2013	19 August 2014	31 August 2015	31 August 2016
Vesting date – year 3	19 August 2014	31 August 2015	31 August 2016	31 August 2017
Vesting date – year 4	31 August 2015	31 August 2016	31 August 2017	31 August 2018
Average risk free rate	3.49% per annum	2.73% per annum	2.60% per annum	2.57% per annum
Expected price volatility	40.0% per annum	35.0% per annum	32.0% per annum	27.0% per annum
Expected distribution yield	11.0% per annum	9.1% per annum	6.6% per annum	4.3% per annum
Stapled security price at grant date	$1.055	$1.290	$1.815	$3.00
Valuation per performance right on issue	$0.44	$0.61	$0.76	$1.54

The table below shows the fair value of the performance rights for each grant as at 30 June 2015 as well as the factors used to value the performance rights at 30 June 2015. This valuation is used to value the cash settled performance rights granted to employees at 30 June 2015:

Grant	2011	2012	2013	2014
Grant date	12 September 2011	24 August 2012	23 August 2013	19 August 2014
Vesting date – year 2	23 August 2013	19 August 2014	31 August 2015	31 August 2016
Vesting date – year 3	19 August 2014	31 August 2015	31 August 2016	31 August 2017
Vesting date – year 4	31 August 2015	31 August 2016	31 August 2017	31 August 2018
Average risk free rate	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum
Expected price volatility	41.9% per annum	41.9% per annum	39.3% per annum	36.2% per annum
Expected distribution yield	5.8% per annum	5.8% per annum	5.8% per annum	5.8% per annum
Stapled security price at year end	$2.17	$2.17	$2.17	$2.17
Valuation per performance right on issue	$2.17	$1.94	$1.43	$0.58

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

Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's TSR and/or (for grants made after 1 July 2014) the EPS performance hurdle must be met.

TSR

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

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

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

11. Remuneration report (continued)

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

Performance hurdles (continued)

EPS

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

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

The weighting between the two performance measures is split as follows:

- TSR – 50%; and
- EPS – 50%.

Performance rights

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

30 June 2015	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current executives							
Craig Davidson	-	34,104	-	-	34,104	-	34,104
Richard Johnson	781,332	101,412	(305,292)	-	577,452	-	577,452
Charlie Keegan	51,487	83,883	-	-	135,370	-	135,370
Nicole Noye	-	-	-	-	-	-	-
Greg Oliver	251,539	44,823	(92,018)	-	204,344	-	204,344
Deborah Thomas	-	-	-	-	-	-	-
Past executives							
Greg Shaw	1,464,997	207,873	(572,422)	-	1,100,448	-	1,100,448
Equity settled	**2,549,355**	**472,095**	**(969,732)**	**-**	**2,051,718**	**-**	**2,051,718**
Current executives							
Charlie Keegan	113,489	-	(57,452)	-	56,037	-	56,037
Cash settled	**113,489**	**-**	**(57,452)**	**-**	**56,037**		**56,037**
Total performance rights	**2,662,844**	**472,095**	**(1,027,184)**	**-**	**2,107,755**	**-**	**2,107,755**

11. Remuneration report (continued)

(g) Additional information

Performance of the Group

Over the past five years, core earnings per security of the Group have increased by 14.0% and the market capitalisation of the Group has increased by 213.7%. In 2010, following the internalisation of the Manager, the definition of KMP extended to include executives of both the Manager and ALL. The table below compares the Group's core earnings per security with total KMP remuneration over the past five years:

	2015	2014	2013	2012	2011
Security price as at 30 June	$2.170	$2.710	$1.715	$1.275	$1.275
First half year distribution per security	$0.070	$0.068	$0.066	$0.065	$0.065
Distribution reinvestment price	$2.6389	N/A	N/A	$1.0073	$0.9872
Second half year distribution per security	$0.055	$0.062	$0.054	$0.052	$0.050
Distribution reinvestment price	$2.1553	$2.6378	$1.6841	$1.2373	$1.2496
Number of securities on issue as at 30 June	442,322,106	405,055,708	397,803,987	334,209,401	318,147,978
Market capitalisation as at 30 June ($ million)	$959.8	$1,097.7	$682.2	$426.1	$405.6
Core earnings per security (cents)	12.92	14.40	13.14	12.91	12.54
Total KMP remuneration	$6,041,372	$5,512,165	$5,102,854	$6,052,116	$4,988,292
Investor value of a $5,000 investment as at 30 June 2010 (based upon an initial security price of $0.99)	$15,556	$13,749	$8,608	$5,978	$5,391

Details of remuneration: cash bonuses and options

All service and performance criteria were met by executives eligible for a bonus with respect to their performance in the 30 June 2014 financial year. These bonuses were paid during the year and the percentages forfeited are set out below. No part of the bonuses is payable in future years. Bonuses with respect to performance within the 30 June 2015 financial year have been accrued but are subject to approval by the Board's Remuneration and Nomination Committee before payment.

Plan securities and performance rights granted to executives vest over varying periods of one, two, three and four years, provided the vesting conditions are met. No plan securities or performance rights will vest if the conditions are not satisfied; hence, the minimum value of the plan securities and performance rights yet to vest is nil.

DSTI

Under the terms of the 2012 grant, performance rights were allocated on the basis of a valuation dated 24 August 2012 and there was no valuation difference.

Under the terms of the 2013 grant, performance rights were allocated on the basis of a valuation dated 23 August 2013 and there was no valuation difference.

Under the terms of the 2014 grant, performance rights were allocated on the basis of a valuation dated 19 August 2014 and there was no valuation difference.

LTIP

Under the terms of the 2011 grant, performance rights were allocated on the basis of a valuation dated 12 September 2011 and there was no valuation difference.

Under the terms of the 2012 grant, performance rights were allocated on the basis of a valuation dated 24 August 2012 and there was no valuation difference.

Under the terms of the 2013 grant, performance rights were allocated on the basis of a valuation dated 23 August 2013 and there was no valuation difference.

Under the terms of the 2014 grant, performance rights were allocated on the basis of a valuation dated 19 August 2014 and there was no valuation difference.

11. Remuneration report (continued)

(g) Additional information (continued)

The table below sets out the number of performance rights that were granted, lapsed and vested during the financial year and that are yet to vest. The percentage of cash STI (as listed in the table in section (c) above) that was awarded to the Group's KMP and the percentage that was forfeited because the executive did not meet the performance criteria is also set out below. No part of any cash STI is payable in future years.

		Year granted	Tranche	Financial years in which performance rights may vest		Value of performance rights at grant	Number lapsed	Value of performance rights at lapse	Number vested	Value of performance rights at vesting	Maximum value yet to vest	Cash STI (%)	
				Year	Number	$		$		$	$	Awarded	Forfeited
Current executives													
Equity settled													
Craig Davidson	LTI	2014	T1	2017	11,368	19,789	-	-	-	-	19,789	92.0	8.0
			T2	2018	11,368	17,740	-	-	-	-	17,740		
			T3	2019	11,368	14,973	-	-	-	-	14,973		
	DSTI	2014	T1	2016	13,306	38,171	-	-	-	-	38,171		
			T2	2017	13,307	36,550	-	-	-	-	36,550		
	Total				**60,717**	**127,223**	**-**	**-**	**-**	**-**	**127,223**		
Richard Johnson	LTI	2010	T3	2015	108,696	56,522	-	-	108,696	326,088	-	94.7	5.3
		2011	T2	2015	114,521	50,389	-	-	114,521	343,563	-		
			T3	2016	114,522	49,244	-	-	-	-	49,244		
		2012	T1	2015	82,075	50,328	-	-	82,075	246,225	-		
			T2	2016	82,075	50,181	-	-	-	-	50,181		
			T3	2017	82,075	49,491	-	-	-	-	49,491		
		2013	T1	2016	65,790	51,678	-	-	-	-	51,678		
			T2	2017	65,789	51,388	-	-	-	-	51,388		
			T3	2018	65,789	47,579	-	-	-	-	47,579		
		2014	T1	2017	33,804	58,846	-	-	-	-	58,846		
			T2	2018	33,804	52,751	-	-	-	-	52,751		
			T3	2019	33,804	44,523	-	-	-	-	44,523		
	DSTI	2012	T2	2015	34,866	38,182	-	-	34,866	104,598	-		
		2013	T1	2015	27,711	47,541	-	-	27,711	83,133	-		
			T2	2016	27,711	44,498	-	-	-	-	44,498		
		2014	T1	2016	16,919	48,536	-	-	-	-	48,536		
			T2	2017	16,920	46,474	-	-	-	-	46,474		
	Total				**1,006,871**	**838,151**	**-**	**-**	**367,869**	**1,103,607**	**595,189**		
Nicole Noye	**Total**				-	-	-	-	-	-	-	-	-

11. Remuneration report (continued)

(g) Additional information (continued)

		Year granted	Tranche	Financial years in which performance rights may vest		Value of performance rights at grant	Number lapsed	Value of performance rights at lapse	Number vested	Value of performance rights at vesting	Maximum value yet to vest	Cash STI (%)	
				Year	Number	$		$		$	$	Awarded	Forfeited
Greg Oliver	LTI	2010	T3	2015	29,620	15,402	-	-	29,620	88,860	-	93.2	6.8
		2011	T2	2015	34,356	15,117	-	-	34,356	103,068	-		
			T3	2016	34,357	14,774	-	-	-	-	14,774		
		2012	T1	2015	28,042	17,195	-	-	28,042	84,126	-		
			T2	2016	28,042	17,145	-	-	-	-	17,145		
			T3	2017	28,043	16,910	-	-	-	-	16,910		
		2013	T1	2016	23,027	18,088	-	-	-	-	18,088		
			T2	2017	23,026	17,986	-	-	-	-	17,986		
			T3	2018	23,026	16,652	-	-	-	-	16,652		
		2014	T1	2017	14,941	26,009	-	-	-	-	26,009		
			T2	2018	14,941	23,315	-	-	-	-	23,315		
			T3	2019	14,941	19,679	-	-	-	-	19,679		
	DSTI	2012	T2	2015	43,304	47,422	-	-	43,304	129,912	-		
		2013	T1	2015	35,937	61,654	-	-	35,937	107,811	-		
			T2	2016	35,936	57,706	-	-	-	-	57,706		
		2014	T1	2016	24,377	69,930	-	-	-	-	69,930		
			T2	2017	24,378	66,959	-	-	-	-	66,959		
	Total				**460,294**	**521,943**	**-**	**-**	**171,259**	**513,777**	**365,153**		
Deborah Thomas	**Total**				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charlie Keegan	LTI	2013	T1	2016	17,163	13,482	-	-	-	-	13,482	98.0	2.0
			T2	2017	17,162	13,405	-	-	-	-	13,405		
			T3	2018	17,162	12,412	-	-	-	-	12,412		
		2014	T1	2017	27,961	48,675	-	-	-	-	48,675		
			T2	2018	27,961	43,633	-	-	-	-	43,633		
			T3	2019	27,961	36,827	-	-	-	-	36,827		
	DSTI	2013	T1	2015	36,497	62,614	-	-	36,497	109,491	-		
			T2	2016	36,496	58,605	-	-	-	-	58,605		
		2014	T1	2016	23,653	67,853	-	-	-	-	67,853		
			T2	2017	23,653	64,968	-	-	-	-	64,968		
Cash settled													
Charlie Keegan	LTI	2010	T3	2015	18,454	9,596	-	-	18,454	55,362	-		
		2011	T2	2015	21,960	9,662	-	-	21,960	65,880	-		
			T3	2016	21,960	9,443	-	-	-	-	9,443		
		2012	T1	2015	17,038	10,448	-	-	17,038	51,114	-		
			T2	2016	17,038	10,417	-	-	-	-	10,417		
			T3	2017	17,039	10,275	-	-	-	-	10,275		
	DSTI	2012	T2	2015	41,654	45,615	-	-	41,654	124,962	-		
	Total				**410,812**	**527,930**	**-**	**-**	**135,603**	**406,809**	**389,995**		

11. Remuneration report (continued)

(g) Additional information (continued)

		Year granted	Tranche	Financial years in which performance rights may vest		Value of performance rights at grant	Number lapsed	Value of performance rights at lapse	Number vested	Value of performance rights at vesting	Maximum value yet to vest	Cash STI (%)	
				Year	Number	$		$		$	$	Awarded	Forfeited
Past executives													
Greg Shaw	LTI	2010	T3	2015	203,804	105,978	-	-	203,804	611,412	-	89.6	10.4
		2011	T2	2015	214,727	94,480	-	-	214,727	644,181	-		
			T3	2016	214,728	92,333	-	-	-	-	92,333		
		2012	T1	2015	153,890	94,365	-	-	153,890	461,670	-		
			T2	2016	153,890	94,088	-	-	-	-	94,088		
			T3	2017	153,891	92,796	-	-	-	-	92,796		
		2013	T1	2016	123,356	96,896	-	-	-	-	96,896		
			T2	2017	123,355	96,353	-	-	-	-	96,353		
			T3	2018	123,355	89,210	-	-	-	-	89,210		
		2014	T1	2017	69,291	120,622	-	-	-	-	120,622		
			T2	2018	69,291	108,129	-	-	-	-	108,129		
			T3	2019	69,291	91,263	-	-	-	-	91,263		
	DSTI	2012	T2	2015	61,288	67,116	-	-	61,288	183,864	-		
		2013	T1	2015	50,377	86,427	-	-	50,377	151,131	-		
			T2	2016	50,376	80,894	-	-	50,376	104,278	-		
		2014	T1	2016	29,963	85,955	-	-	29,963	62,023	-		
			T2	2017	29,963	82,299	-	-	29,963	62,023	-		
	Total				**1,894,836**	**1,579,204**	**-**	**-**	**794,388**	**2,280,582**	**881,690**		

Directors' interests in securities

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

	Opening balance	Acquired	Acquired under the Group's equity plans	Disposed	Closing balance
Neil Balnaves AO	2,439,062	362,448	-	-	2,801,510
Roger Davis	150,275	50,383	-	-	200,658
Don Morris AO	-	13,950	-	-	13,950
Deborah Thomas	6,000	14,331	-	-	20,331
George Venardos	112,636	85,417	-	-	198,053
	2,707,973	**526,529**	**-**	**-**	**3,234,502**

KMP interests in securities

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

	Opening balance	Acquired	Acquired under the Group's equity plans	Disposed	Closing balance
Craig Davidson	-	-	-	-	-
Richard Johnson	516,622	6,224	367,869	(790,715)	100,000
Charlie Keegan	-	-	36,497	-	36,497
Nicole Noye	-	2,500	-	-	2,500
Greg Oliver	294,709	17,154	171,259	-	483,122
	811,331	**25,878**	**575,625**	**(790,715)**	**622,119**

11. Remuneration report (continued)

(g) Additional information (continued)

Loans and other transactions with KMP

There were no loans made to KMP during the financial year, as disclosed in Note 36(e) to the financial statements. Refer to Note 36(f) to the financial statements for details of other transactions with KMP during the financial year.

Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011

On 1 July 2011, the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 came into force. The new legislative requirements under the Corporations Act 2001 in relation to remuneration votes and the "two strikes" rule operate such that a company receiving a 25% or more "NO" vote against its remuneration report resolution at the Annual General Meeting (AGM) in two consecutive years will be required to put a spill resolution to the meeting whereby investors can vote to hold a further meeting where all board directors will be subject to re-election.

In addition, KMP and their closely related parties are prohibited from voting on the adoption of the remuneration report and any other remuneration related resolutions at the AGM. In order to ensure that KMP and their closely related parties do not exercise their votes, the Group issued an instruction to them prior to the AGM and instructed the security registrars to apply appropriate voting exclusions.

At the AGM held on 31 October 2014, the following votes were cast on the adoption of the 2014 Remuneration Report:

	Votes for	Votes against	Votes abstain
Adoption of the Remuneration Report	97.53%	1.78%	0.69%

12. Non-audit services

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

Details of the amounts paid to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are disclosed in Note 9 to the financial statements.

The Directors have considered the position and, in accordance with the recommendation received from the Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 9 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

13. Auditor's independence declaration

A copy of the auditor's independence declaration as required under sect-ion 307C of the Corporations Act 2001 is set out on page 35.

14. Events occurring after reporting date

Subsequent to 30 June 2015, a distribution of 5.5 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $24.3 million will be paid on or before 31 August 2015 in respect of the half year ended 30 June 2015.

Effective 11 August 2015, the Group completed refinancing of its syndicated loan facilities. This has resulted in an increase in the available USD facilities to US$280.0 million (30 June 2015: US$160.0 million) and an extended tenure maturing in equal tranches of three, four and five years respectively. Australian dollar facilities remain at $200.0 million (30 June 2015: $200.0 million) however have been similarly extended to mature in equal tranches of three, four and five years respectively.

Since the end of the financial year, the Directors of the Manager and ALL are not aware of any other matters or circumstances not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2015.

15. Likely developments and expected results of operations

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

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

16. Indemnification and insurance of officers and auditor

Manager

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

ALL

Under ALL's Constitution, ALL indemnifies:

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

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

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

The interests in the Trust held by the Manager or its related entities as at 30 June 2015 and fees paid to its related entities during the financial year are disclosed in Notes 7 and 36 to the financial statements.

18. Environmental regulations

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

(a) Dreamworld

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

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

18. Environmental regulations (continued)

(a) Dreamworld (continued)

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

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

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

(b) d'Albora Marinas

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

In July 2002, the NSW Environmental Protection Authority (EPA) was notified of long term historic groundwater contamination at the Rushcutters Bay marina, and the plan to manage the contamination. d'Albora Marinas has been working in consultation with the EPA to rectify the site contamination. The costs to rectify the site are not considered material to the Group.

(c) Bowling centres - Australia

Bowling centres are subject to environmental regulations concerning their food facilities. This is primarily trade waste and grease traps. The Group has adequate management systems and the correct licence requirements in place concerning the disposal of such waste in accordance with each State or Territory's legislation. Cooking oil is replaced and disposed of by external organisations at all locations.

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

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

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

(d) Bowling centres – New Zealand

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

(e) Family entertainment centres – United States of America

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

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

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

At this time, there are no known issues of non-compliance with any environmental regulation at Main Event.

18. Environmental regulations (continued)

(f) Goodlife Health Clubs

Goodlife is subject to environmental regulations across the business and has initiatives in place to meet all areas of environmental compliance.

Water conservation is a high priority and management has implemented a range of strategies to meet current water regulations as per each State's regulations. A recycling program has been implemented across the business, assisting with reduction of waste products and meeting environmental standards.

Hazardous substances and dangerous goods are strictly monitored in the business and, where possible, non-hazardous chemicals are used. All hazardous chemicals and dangerous goods are disposed as per current regulations. All clubs hold site specific chemical registers with safe work methods.

Noise emissions do not contravene State regulations or impact on surrounding business or neighbourhoods.

(g) Greenhouse gas and energy data reporting requirements

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

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

The National Greenhouse and Energy Reporting Act 2007 requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required. The Group submitted its 2013/2014 emissions report under the Act in October 2014.

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

19. Rounding of amounts to the nearest thousand dollars

The Group is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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

Neil Balnaves AO
Chairman

Deborah Thomas
Managing Director

Sydney
18 August 2015

Auditor's Independence Declaration

As lead auditor for the audit of Ardent Leisure Group for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
18 August 2015

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Income Statements
for the year ended 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Income					
Revenue from operating activities	3	594,603	499,703	594,603	499,703
Management fee income	7(b)	-	-	1,200	1,200
Valuation gains - property, plant and equipment		-	8,590	-	-
Net gain from derivative financial instruments	6	552	-	-	-
Interest income		121	211	77	99
Gain on sale and leaseback of family entertainment centres		6,959	379	6,959	379
Total income		**602,235**	**508,883**	**602,839**	**501,381**
Expenses					
Purchases of finished goods		58,756	46,550	58,756	46,550
Salary and employee benefits		224,843	185,191	225,678	189,397
Borrowing costs	4	11,333	11,330	11,731	8,766
Property expenses	5	99,029	79,539	149,865	138,302
Depreciation and amortisation		54,878	42,043	31,775	21,007
Loss on closure of bowling centres		104	1,579	-	-
Loss on disposal of assets		523	453	376	460
Advertising and promotions		20,771	18,997	20,771	18,997
Repairs and maintenance		26,823	22,222	26,823	22,222
Pre-opening expenses		6,521	2,579	6,521	2,579
Business acquisition costs		1,938	277	1,938	277
Impairment of property, plant and equipment		2,646	-	1,009	-
Impairment of goodwill		141	-	141	-
Net loss from derivative financial instruments	6	-	613	-	-
Valuation loss - investment properties		501	-	-	-
Other expenses	8	54,359	45,632	53,436	45,141
Total expenses		**563,166**	**457,005**	**588,820**	**493,698**
Profit before tax expense		**39,069**	**51,878**	**14,019**	**7,683**
Withholding tax (income)/expense		(182)	159	-	-
US State tax expense		1,463	724	1,463	724
Income tax expense	10	5,666	1,993	5,694	1,903
Profit for the year		**32,122**	**49,002**	**6,862**	**5,056**
Attributable to:					
Stapled security holders		32,122	49,002	6,862	5,056
Profit for the year		**32,122**	**49,002**	**6,862**	**5,056**

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

Basic earnings per security/share (cents)	11	7.38	12.13	1.58	1.25
Diluted earnings per security/share (cents)	11	7.35	12.05	1.57	1.24
Dividend/distribution in respect of the year ended 30 June	12	55,035	52,657	13,160	-
Dividend/distribution per security in respect of the year ended 30 June (cents)	12	12.50	13.00	3.00	-

Statements of Comprehensive Income
for the year ended 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Profit for the year		32,122	49,002	6,862	5,056
Other comprehensive income					
Items that may be reclassified to profit and loss					
Cash flow hedges	30	(958)	434	(75)	(30)
Foreign exchange translation difference	30	3,623	391	6,916	(942)
Income tax relating to these items	30	24	11	24	11
Items that will not be reclassified to profit and loss					
Gain on revaluation of property, plant and equipment	30	7,541	6,866	-	-
Other comprehensive income for the year, net of tax		**10,230**	**7,702**	**6,865**	**(961)**
Total comprehensive income for the year, net of tax		**42,352**	**56,704**	**13,727**	**4,095**
Attributable to:					
Stapled security holders		42,352	56,704	13,727	4,095
Total comprehensive income for the year, net of tax		**42,352**	**56,704**	**13,727**	**4,095**

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

Balance Sheets
as at 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current assets					
Cash and cash equivalents	33	4,986	7,079	4,685	6,197
Receivables	13	10,856	7,416	13,210	7,762
Derivative financial instruments	14	263	-	-	-
Inventories	15	11,372	9,378	11,372	9,378
Current tax receivables		1,740	-	1,740	-
Property held for sale	16	-	10,650	-	10,650
Other	17	10,736	8,937	7,026	5,438
Total current assets		**39,953**	**43,460**	**38,033**	**39,425**
Non-current assets					
Investment properties	18	99,326	95,870	-	-
Property, plant and equipment	19	609,682	510,162	213,600	123,463
Derivative financial instruments	14	114	-	-	-
Livestock	20	245	300	245	300
Intangible assets	21	242,944	201,237	242,944	201,237
Deferred tax assets	22	4,243	1,978	4,243	1,978
Total non-current assets		**956,554**	**809,547**	**461,032**	**326,978**
Total assets		**996,507**	**853,007**	**499,065**	**366,403**
Current liabilities					
Payables	23	91,323	69,065	76,287	60,287
Derivative financial instruments	14	98	459	-	-
Interest bearing liabilities	24	-	61	-	61
Current tax liabilities		1,291	376	1,291	376
Provisions	25	3,236	3,272	3,236	3,272
Other	26	2,694	2,155	2,694	2,155
Total current liabilities		**98,642**	**75,388**	**83,508**	**66,151**
Non-current liabilities					
Derivative financial instruments	14	2,133	1,004	129	48
Interest bearing liabilities	24	278,618	260,211	237,006	204,826
Provisions	25	15,769	1,625	5,552	1,625
Deferred tax liabilities	27	21,863	9,277	21,863	9,277
Total non-current liabilities		**318,383**	**272,117**	**264,550**	**215,776**
Total liabilities		**417,025**	**347,505**	**348,058**	**281,927**
Net assets		**579,482**	**505,502**	**151,007**	**84,476**
Equity					
Contributed equity	28	605,181	513,912	155,262	16,309
Reserves	30	(30,691)	(45,918)	7,638	(1,537)
Retained profits/(accumulated losses)	31	4,992	37,508	(11,893)	(1,655)
Total equity attributable to stapled security holders		**579,482**	**505,502**	**151,007**	**13,117**
Non-controlling interests		**-**	**-**	**-**	**71,359**
Total equity		**579,482**	**505,502**	**151,007**	**84,476**

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

Statements of Changes in Equity
for the year ended 30 June 2015

	Note	Contributed equity $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Non-controlling interests $'000	Total $'000
Consolidated Group						
Total equity at 1 July 2013		501,416	(45,817)	31,691	-	487,290
Profit for the year		-	-	49,002	-	49,002
Other comprehensive income		-	7,702	-	-	7,702
Total comprehensive income for the year		**-**	**7,702**	**49,002**	**-**	**56,704**
Transactions with owners in their capacity as owners:						
Security-based payments	30	-	(1,963)	-	-	(1,963)
Contributions of equity, net of issue costs	28	8,915	-	-	-	8,915
Security-based payments - securities/shares issued	28	3,581	-	-	-	3,581
Distributions paid and payable	31	-	-	(49,025)	-	(49,025)
Reserve transfers	30, 31	-	(5,840)	5,840	-	-
Total equity at 30 June 2014		**513,912**	**(45,918)**	**37,508**	**-**	**505,502**
Profit for the year		-	-	32,122	-	32,122
Other comprehensive income		-	10,230	-	-	10,230
Total comprehensive income for the year		**-**	**10,230**	**32,122**	**-**	**42,352**
Transactions with owners in their capacity as owners:						
Security-based payments	30	-	(3,821)	-	-	(3,821)
Contributions of equity, net of issue costs	28	85,786	-	-	-	85,786
Security-based payments - securities/shares issued	28	5,483	-	-	-	5,483
Distributions paid and payable	31	-	-	(55,820)	-	(55,820)
Reserve transfers	30, 31	-	8,818	(8,818)	-	-
Total equity at 30 June 2015		**605,181**	**(30,691)**	**4,992**	**-**	**579,482**
ALL Group						
Total equity at 1 July 2013		14,202	(576)	(2,837)	71,359	82,148
Profit for the year		-	-	5,056	-	5,056
Other comprehensive income		-	(961)	-	-	(961)
Total comprehensive income for the year		**-**	**(961)**	**5,056**	**-**	**4,095**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	28	1,503	-	-	-	1,503
Security-based payments - securities/shares issued	28	604	-	-	-	604
Dividends paid and payable	31	-	-	(3,874)	-	(3,874)
Total equity at 30 June 2014		**16,309**	**(1,537)**	**(1,655)**	**71,359**	**84,476**
Profit for the year		-	-	6,862	-	6,862
Other comprehensive income		-	6,865	-	-	6,865
Total comprehensive income for the year		**-**	**6,865**	**6,862**	**-**	**13,727**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	28	15,189	-	-	-	15,189
Security-based payments - securities/shares issued	28	937	-	-	-	937
Capital reallocation	28	122,827	-	-	-	122,827
Reserve transfers	30, 31	-	2,310	(2,310)	-	-
Repayment of non-controlling interests		-	-	-	(71,359)	(71,359)
Dividends paid and payable	31	-	-	(14,790)	-	(14,790)
Total equity at 30 June 2015		**155,262**	**7,638**	**(11,893)**	**-**	**151,007**

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

Statements of Cash Flows
for the year ended 30 June 2015

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Cash flows from operating activities					
Receipts from customers		650,383	549,659	651,136	550,257
Payments to suppliers and employees		(436,132)	(367,238)	(433,864)	(369,765)
Property expenses paid		(96,189)	(79,704)	(92,330)	(76,501)
Interest received		121	211	77	99
Rent payments to the Trust		-	-	(115,766)	(111,296)
Receipts of funds for property costs from the Trust		-	-	58,922	50,464
US withholding tax paid		(140)	(143)	-	-
Income tax paid		(2,691)	(5,317)	(2,691)	(5,317)
Net cash flows from operating activities	34(a)	**115,352**	**97,468**	**65,484**	**37,941**
Cash flows from investing activities					
Payments for property, plant and equipment and other intangibles		(133,965)	(86,337)	(115,862)	(72,317)
Purchase of assets for the Trust		-	-	(19,108)	(14,516)
Receipt of funds for assets purchased on behalf of the Trust		-	-	18,387	16,100
Proceeds from sale of plant and equipment		628	226	270	102
Proceeds from sale of land and buildings		41,719	10,278	41,719	10,278
Payments for purchase of businesses, net of cash acquired		(33,322)	(11,736)	(31,195)	(10,145)
Net cash flows from investing activities		**(124,940)**	**(87,569)**	**(105,789)**	**(70,498)**
Cash flows from financing activities					
Proceeds from borrowings		2,084,223	1,925,688	984,102	726,852
Repayments of borrowings		(2,095,274)	(1,890,351)	(978,076)	(699,738)
Borrowing costs		(10,937)	(10,870)	(11,797)	(8,600)
Proceeds from issue of stapled securities		70,000	-	11,698	-
Costs of issue of stapled securities		(993)	(3)	(167)	(1)
Dividends paid to the Trust		-	-	(1,630)	(3,874)
Proceeds from loans from the Trust		-	-	125,104	94,288
Repayments of borrowings to the Trust		-	-	(76,839)	(82,520)
Repayments of principal on finance leases		(61)	(249)	(61)	(249)
Distributions paid to stapled security holders		(39,041)	(40,107)	(13,160)	-
Net cash flows from financing activities		**7,917**	**(15,892)**	**39,174**	**26,158**
Net decrease in cash and cash equivalents		(1,671)	(5,993)	(1,131)	(6,399)
Cash and cash equivalents at the beginning of the year		7,079	12,953	6,197	12,481
Effect of exchange rate changes on cash and cash equivalents		(422)	119	(381)	115
Cash at the end of the year	33	**4,986**	**7,079**	**4,685**	**6,197**

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

1. Summary of significant accounting policies

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

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2015 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission (ASIC), this financial report is a combined report that presents the consolidated financial statements and accompanying notes of both the Ardent Leisure Group and the Ardent Leisure Limited Group (ALL Group).

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

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

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

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

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

Compliance with IFRS as issued by the IASB

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

New and amended standards adopted by the Group

The Group has applied the following new and amended standards for first time for the annual reporting period commencing 1 July 2014:

- AASB 2014-1 Part A – *Amendments to Australian Accounting Standards – Annual Improvements 2010-2012 and 2011-2013 Cycles* (containing amendments to AASB 2, AASB 3, AASB 8, AASB 13, AASB 116, AASB 124, AASB 138 and AASB 140);
- AASB 2014-1 Part B – *Amendments to Australian Accounting Standards – Defined Benefit Plans: Employee Contributions*;
- AASB 2014-2 Amendments to AASB 1053 – *Transition to and between Tiers, and related Tier 2 Disclosure Requirements*; and
- AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting.*

The adoption of AASB 2014 amendments has had an impact on disclosures only and there has been no further impact to the financial statements as a result of the new or amended accounting standards.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies. Other than the estimation of fair values described in Notes 1(f), 1(g), 1(j), 1(m), 1(p), 1(s)(v), 1(s)(vi), 1(ab) and 1(ac) and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill and Director valuations for some property, plant and equipment and investment properties, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

Deficiency of current assets

As at 30 June 2015, the Group and ALL Group had deficiencies of current assets of $58.7 million (2014: $31.9 million) and $45.5 million (2014: $26.7 million) respectively. Due to the nature of the business, the majority of sales are for cash whereas purchases are on credit resulting in a negative working capital position. Surplus cash is used to repay external loans, resulting in a deficiency of current assets at 30 June 2015. The Group has $128.6 million (2014: $65.7 million) of unused loan capacity at 30 June 2015 which can be drawn on as required. The ALL Group has $171.0 million (2014: $256.8 million) of unused capacity in its bank loans and its loans with the Trust which can be utilised to fund any deficiency in its net current assets. Refer to Note 24.

(b) Principles of consolidation

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

Controlled entities are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying an equity holding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group (refer to Note 1(ac)).

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

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

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

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

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

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

(c) Cash and cash equivalents

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

(d) Receivables

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

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

(e) Inventories

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

(f) Investment properties

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(f) Investment properties (continued)

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

- assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- capitalisation rates used to value the asset, market rental levels and lease expiries;
- changes in interest rates;
- asset replacement values;
- discounted cash flow models;
- available sales evidence; and
- comparisons to valuation professionals performing valuation assignments across the market.

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

(g) Property, plant and equipment

Revaluation model

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

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

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

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

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

- assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- capitalisation rates used to value the asset, market rental levels and lease expiries;
- changes in interest rates;
- asset replacement values;
- discounted cash flow models;
- available sales evidence; and
- comparisons to valuation professionals performing valuation assignments across the market.

1. Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Depreciation

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

	2015	2014
Buildings	40 years	40 years
Leasehold improvements	Over life of lease	Over life of lease
Major rides and attractions	20 - 40 years	20 - 40 years
Plant and equipment	4 - 25 years	4 - 25 years
Furniture, fittings and equipment	3 - 13 years	4 - 13 years
Motor vehicles	8 years	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 1(m)).

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

(h) Leases

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

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

(i) Investments and other financial assets

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

(j) Assets held for sale

Assets are classified as held for sale and stated at the lower of their carrying amount, and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

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

Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the Balance Sheet.

1. Summary of significant accounting policies (continued)

(k) Livestock

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

Depreciation on livestock is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over the useful lives of the assets which range from 5 - 50 years (2014: 5 - 50 years).

(l) Intangible assets

Customer relationships

Customer relationships acquired are amortised over the period during which the benefits are expected to be received, which is four years (2014: four years). The amortisation charge is weighted towards the first year of ownership where the majority of economic benefits arise.

Brands

Brands acquired are amortised on a straight-line basis over the period during which benefits are expected to be received, which is between 10 - 13 years (2014: 10 - 13 years).

Other intangible assets

Liquor licences are amortised over the length of the licences which are between 10 - 16 years (2014: 10 - 16 years), depending on the length of the licence. Software is amortised on a straight-line basis over the period during which the benefits are expected to be received, which is between 5 - 8 years (2014: 5 – 7 years).

Goodwill

Goodwill is measured as described in Note 1(ac). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing (refer to Note 1(m)). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to Note 37).

(m) Impairment of assets

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

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

(n) Payables

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

1. Summary of significant accounting policies (continued)

(o) Interest bearing liabilities

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

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

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

(p) Derivatives

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 14. Movements in the cash flow hedge reserve in equity are shown in Note 30. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months. They are classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Derivatives that do not qualify for hedge accounting

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

(ii) Cash flow hedges

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

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

(iii) Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in other comprehensive income and accumulated in reserves in equity. This amount will be reclassified to the Income Statement on disposal of the foreign operation. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign operation is partially disposed of or sold.

1. Summary of significant accounting policies (continued)

(q) Borrowing costs

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

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

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year. The average capitalisation rate used was 4.16% per annum (2014: 4.37% per annum) for Australian dollar debt and 1.54% per annum (2014: 1.51% per annum) for US dollar debt.

(r) Provisions

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

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

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

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Where amounts are not expected to be settled within 12 months, expected future payments are discounted to their net present value using market yields at the reporting date on high quality corporate bonds, except when there is no deep market in which case market yields on national government bonds are used, with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

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

(iii) Profit sharing and bonus plans

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

(iv) Termination benefits

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

1. Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

(v) Long Term Incentive Plan (LTIP)

Australian employees

Since 1 July 2009, long term incentives have been provided to certain executives under the LTIP. Under the terms of the LTIP and the initial grant, employees may be granted performance rights, of which one third will vest two years after grant date, one third will vest three years after grant date and one third will vest four years after grant date. The percentage of performance rights which will vest is subject to the performance of the Group relative to its peer group, which is the ASX Small Industrials Index. The first set of performance rights were granted under the scheme on 4 December 2009, with the first vesting date being the day after the full year results announcement for the year ended 30 June 2011.

The characteristics of the LTIP indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the LTIP's service and performance criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the LTIP is accounted for as a cash settled share-based payment.

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

The fair value of the performance rights granted under the LTIP is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of the performance rights is determined at each reporting date using a Monte Carlo simulation valuation model, with the movement in fair value of the liability being recognised in the Income Statement.

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the LTIP were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of the vesting period for each grant of performance rights, a calculation is made of the number of performance rights which would have been granted and payment is made based on the Group stapled security volume weighted average price (VWAP) for the five trading days immediately following the vesting date. Due to the nature of the scheme, this scheme is considered to be a cash settled share-based payment under AASB 2. Following steps taken to issue equity to US resident employees, all new performance rights issued after 1 July 2014 will be settled in equity upon vesting in future periods. As such, these performance rights are considered to be equity settled shared-based payments under AASB 2.

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

The fair value of equity settled performance rights is determined at grant date using a Monte Carlo simulation valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

(vi) Deferred Short Term Incentive Plan (DSTI)

Australian employees

Since 1 July 2010, long term incentives have been provided to executives under the DSTI. Under the terms of the DSTI, employees may be granted DSTI performance rights, of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 16 December 2010, with the first vesting date being the day after the full year results announcement for the year ended 30 June 2011.

The characteristics of the DSTI indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Shared-based Payment* as the holders are entitled to the securities as long as they meet the DSTI's service criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the DSTI is accounted for as a cash settled share-based payment.

1. Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

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

Australian employees (continued)

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

The fair value of the performance rights granted under the DSTI is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of performance rights is determined at each reporting date using a binomial tree valuation model with the movement in fair value of the liability being recognised in the Income Statement.

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the DSTI were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of the vesting period, the number of performance rights which would have vested is multiplied by the Group VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. All new performance rights issued after 1 July 2014 will be settled in equity upon vesting in future periods. As such, the performance rights are considered to be equity settled share-based payments under AASB 2. In the ALL financial statements, all performance rights issued to US employees are considered to be cash settled.

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

The fair value of equity settled performance rights is determined at grant date using a binomial tree valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

(t) Tax

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(t) Tax (continued)

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

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

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

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

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

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

(u) Goods and services tax (GST)

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

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

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

(v) Equity

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

(w) Reserves

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

(x) Revenue

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

(i) Rendering of services

Revenue from rendering of services including health club memberships, theme park and SkyPoint entry and bowling games is recognised when the outcome can be reliably measured and the service has taken place. Where health club membership is for a fixed period and paid in advance, the revenue is recognised on a straight-line basis over the membership period. Revenue relating to theme park annual passes is recognised as the passes are used.

1. Summary of significant accounting policies (continued)

(x) Revenue (continued)

(ii) Sale of goods

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

(iii) Rental revenue

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

(iv) Interest income

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

(y) Foreign currency translation

(i) Functional and presentation currencies

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

(ii) Transactions and balances

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

(iii) Foreign operations

Assets and liabilities of foreign controlled entities are translated at exchange rates ruling at reporting date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities are taken directly to the foreign currency translation reserve. On consolidation, exchange differences on loans denominated in foreign currencies, where the loan is considered part of the net investment in that foreign operation, are taken directly to the foreign currency translation reserve. At 30 June 2015, the spot rate used was A$1.00 = NZ$1.1294 (2014: A$1.00 = NZ$1.0762) and A$1.00 = US$0.7680 (2014: A$1.00 = US$0.9430). The average spot rate during the year ended 30 June 2015 was A$1.00 = NZ$1.0801 (2014: A$1.00 = NZ$1.1021) and A$1.00 = US$0.8288 (2014: A$1.00 = US$0.9113).

(z) Segment information

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

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

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA before property costs and after property costs. In addition, depreciation and amortisation are analysed by division. Each of these income statement items is looked at after adjusting for pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets and other non-recurring realised items. As shown in Note 11, these items are excluded from management's definition of core earnings.

1. Summary of significant accounting policies (continued)

(aa) Earnings per stapled security

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

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

(ab) Fair value estimation

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

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

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

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

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

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

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

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

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

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

(ac) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

1. Summary of significant accounting policies (continued)

(ac) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Goodwill acquired is not deductible for tax.

(ad) Dividends/distributions

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

(ae) Convertible notes

A subsidiary of ALL, Ardent Leisure Note Issuer Pty Limited, previously issued convertible notes to the Trust. Due to the terms associated with these notes, the notes were classified as equity in the financial statements of the ALL Group. Given that this equity was not payable to the shareholders of ALL, the notes were included in equity attributable to non-controlling interests. The convertible notes have been repaid as a result of the capital reallocation between the Trust and the Company during the year. Refer to Note 28 for more information.

(af) Parent entity financial information

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

(i) Investments in subsidiaries, associates and jointly controlled entities

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

(ii) Tax consolidation legislation

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(af) Parent entity financial information (continued)

(iii) Financial guarantees

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

(iv) Share-based payments

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

(ag) New accounting standards, amendments and interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 July 2015 but which the Group has not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have a significant impact on the financial statements of the Group. The Group's and the parent entity's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

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

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

AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2017)

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 *Revenue* which covers contracts for goods and services and IAS 11 *Construction Contracts* which covers construction contracts. The group has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future. The group will assess whether to adopt AASB 15 before its operative date; if not it would be first applied in the annual reporting period ending 30 June 2018.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015.

(ah) Rounding

The Group is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

2. Ardent Leisure Trust and Ardent Leisure Limited formation

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

3. Revenue from operating activities

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Revenue from services	426,872	365,085	426,872	365,085
Revenue from sale of goods	131,380	102,070	131,380	102,070
Revenue from rentals	35,956	32,108	35,956	32,108
Other revenue	395	440	395	440
Revenue from operating activities	**594,603**	**499,703**	**594,603**	**499,703**

4. Borrowing costs

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Borrowing costs paid or payable	11,580	11,674	12,049	8,985
Less: capitalised borrowing costs	(573)	(344)	(357)	(219)
Provisions: unwinding of discount	326	-	39	-
Borrowing costs expensed	**11,333**	**11,330**	**11,731**	**8,766**

For details of the fair value of borrowings, refer to Note 39 (c).

5. Property expenses

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Landlord rent and outgoings	90,467	74,870	149,865	138,302
Insurance	685	607	-	-
Rates	3,665	2,541	-	-
Land tax	807	899	-	-
Onerous lease expense	2,598	-	-	-
Other	807	622	-	-
	99,029	**79,539**	**149,865**	**138,302**

6. Net gain/(loss) from derivative financial instruments

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Net gain/(loss) on derivatives - unrealised	552	(613)	-	-
	552	**(613)**	**-**	**-**

7. Management fees

The Manager of the Trust is Ardent Leisure Management Limited.

The Manager's registered office and principal place of business are Level 16, 61 Lavender Street, Milsons Point, NSW 2061.

(a) Base management fee

The management fee is based on an allocation of costs incurred by ALL and its controlled entities to manage the Trust but is eliminated in the aggregated results of the Group.

(b) Management fee calculation

The management fee earned by the Manager during the year is detailed as follows:

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Base management fee	-	-	1,200	1,200
	-	**-**	**1,200**	**1,200**

8. Other expenses

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Audit fees	653	585	437	397
Consulting fees	1,789	878	1,789	878
Consumables	3,075	2,612	3,075	2,612
Custodian fees	101	109	-	-
Electricity	15,882	14,325	15,882	14,325
Fuel and oil	1,187	1,076	1,187	1,076
Insurance	3,609	2,424	3,609	2,424
Legal fees	725	382	724	368
Merchant fees	10,214	8,210	10,214	8,210
Motor vehicles	1,088	1,048	1,088	1,048
Permits and fees	4,921	4,528	4,899	4,492
Printing, stationery and postage	2,765	2,643	2,765	2,643
Registry fees	184	163	184	163
Stapled security holder communication costs	171	167	171	167
Stock exchange costs	165	114	165	114
Taxation fees	239	210	212	187
Telephone	2,226	1,872	2,226	1,872
Training	1,434	1,395	1,434	1,395
Travel costs	2,729	1,808	2,729	1,808
Valuation fees	70	114	-	-
Other	1,132	969	646	962
	54,359	**45,632**	**53,436**	**45,141**

9. Remuneration of auditor

During the financial year, the auditor of the Group, PricewaterhouseCoopers (PwC), earned the following remuneration:

	Consolidated Group 2015 $	Consolidated Group 2014 $	ALL Group 2015 $	ALL Group 2014 $
Audit and other assurance services - PwC Australia	533,268	506,360	316,339	317,777
Audit and other assurance services - related practices of PwC Australia	120,198	78,477	120,198	78,477
Taxation services - PwC Australia	27,105	23,192	-	-
Taxation services - related practices of PwC Australia	212,088	186,923	212,088	186,923
Other services - PwC Australia	1,530	1,500	1,530	1,500
	894,189	**796,452**	**650,155**	**584,677**

10. Income tax expense

(a) Income tax expense

	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current tax		(2,581)	4,290	(2,593)	4,200
Deferred tax		8,354	(1,532)	8,354	(1,532)
Over provided in prior year		(107)	(765)	(67)	(765)
		5,666	**1,993**	**5,694**	**1,903**
Income tax expense is attributable to:					
Profit from continuing operations		5,666	1,993	5,694	1,903
Deferred income tax (benefit)/expense included in income tax expense comprises:					
(Increase)/decrease in deferred tax assets	22	(6,732)	328	(6,732)	328
Increase/(decrease) in deferred tax liabilities	27	15,086	(1,860)	15,086	(1,860)
		8,354	**(1,532)**	**8,354**	**(1,532)**

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

Profit from continuing operations before income tax expense	39,069	51,878	14,019	7,683
Less: Profit from the trusts[1]	(35,279)	(48,330)	-	-
Prima facie profit	**3,790**	**3,548**	**14,019**	**7,683**
Tax at the Australian tax rate of 30% (2014: 30%)	1,137	1,064	4,206	2,305
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:				
Entertainment	92	54	92	54
Non-deductible depreciation and amortisation	3,331	2,569	-	-
Sundry items	(114)	(1,311)	136	(77)
Employee security plans	281	181	281	181
Business acquisition costs	581	78	581	78
Foreign exchange conversion differences	42	(53)	42	(53)
US State taxes	(348)	(246)	(348)	(246)
Withholding tax and research and development credit	(275)	(63)	(275)	(63)
Difference in overseas tax rates	1,046	485	1,046	489
Over provided in prior year	(107)	(765)	(67)	(765)
Income tax expense	**5,666**	**1,993**	**5,694**	**1,903**

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

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

Unrealised loss on derivative financial instruments recognised in the cash flow hedge reserve	22, 30	(24)	(11)	(24)	(11)
		(24)	**(11)**	**(24)**	**(11)**

10. Income tax expense (continued)

(d) Unrecognised temporary differences

There are no unrecognised temporary differences as at 30 June 2015 (2014: nil).

(e) Tax consolidation legislation

ALL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 8 February 2005. The accounting policy in relation to this legislation is set out in Note 1(t).

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

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

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

11. Earnings per security/share

	Consolidated Group 2015	Consolidated Group 2014	ALL Group 2015	ALL Group 2014
Basic earnings per security/share (cents)	7.38	12.13	1.58	1.25
Diluted earnings per security/share (cents)	7.35	12.05	1.57	1.24
Core earnings per security (cents)	12.92	14.40	N/A	N/A
Diluted core earnings per security (cents)	12.86	14.30	N/A	N/A
Earnings used in the calculation of basic and diluted earnings per security/share ($'000)	32,122	49,002	6,862	5,056
Earnings used in the calculation of core earnings per security (refer to calculation in table below) ($'000)	56,234	58,153	N/A	N/A
Weighted average number of stapled securities on issue used in the calculation of basic and core earnings per security/share ('000)	435,208	403,868	435,208	403,868
Weighted average number of stapled securities held by ALL employees under employee share plans (refer to Note 29) ('000)	2,069	2,848	2,069	2,848
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per security/share ('000)	437,277	406,716	437,277	406,716

11. Earnings per security/share (continued)

Calculation of core earnings

The table below outlines the Manager's adjustments to profit under Australian Accounting Standards to determine the amount the Manager believes should be available for distribution for the current year. The Manager uses this amount as guidance for distribution determination.

Core earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards (statutory profit) adjusted for certain unrealised and non-cash items, reserve transfers and one off realised items. Under the Trust Constitution, the amount distributed to stapled security holders by the Trust is at the discretion of the Manager. Management will use the core earnings calculated for assessing the performance of the Group and as a guide to assessing an appropriate distribution to declare. This measure is considered more relevant than statutory profit as it represents an estimate of the underlying recurring cash earnings of the Group and provides more meaningful comparison between financial years.

The adjustments between profit under Australian Accounting Standards and core earnings may change from time to time depending on changes to accounting standards and the Manager's assessment as to whether non-recurring or infrequent items (such as realised gains on the sale of properties) will be distributed to stapled security holders.

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000
Profit used in calculating earnings per stapled security	**32,122**	**49,002**
Unrealised items		
- Unrealised net (gain)/loss on derivative financial instruments	(552)	613
- Valuation loss - investment properties	501	-
- Valuation gains - property, plant and equipment	-	(8,590)
- Impairment - property, plant and equipment	2,646	-
- Impairment - goodwill	141	-
Non-cash items		
- Straight lining of fixed rent increases	2,336	1,546
- IFRS depreciation(1)	11,102	8,562
- Amortisation of health club brands and customer relationship intangible assets	6,778	6,333
One off realised items		
- Pre-opening expenses	6,521	2,579
- Business acquisition costs	1,938	277
- Onerous lease costs	2,598	-
- Gain on sale and leaseback of family entertainment centres	(6,959)	(379)
- Loss on closure of bowling centres	104	1,579
Tax impact of above adjustments	(3,042)	(3,369)
Core earnings	**56,234**	**58,153**

(1) IFRS depreciation represents depreciation recorded under Australian Accounting Standards effective 1 July 2005 on property, plant and equipment which were previously classified as investment properties.

12. Distributions and dividends paid and payable

(a) Consolidated Group

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

	Dividend cents per stapled security	Distribution cents per stapled security	Total amount $'000	Distribution tax deferred %	Distribution CGT concession amount %	Distribution Taxable %
2015 dividends and distributions for the half year ended:						
31 December 2014	3.00	4.00	30,707			
30 June 2015*	-	5.50	24,328			
	3.00	**9.50**	**55,035**	**30.87**	**-**	**69.13**
2014 distributions for the half year ended:						
31 December 2013	-	6.80	27,544			
30 June 2014**	-	6.20	25,113			
	-	**13.00**	**52,657**	**35.17**	**-**	**64.83**

* The distribution of 5.50 cents per stapled security for the half year ended 30 June 2015 was not declared prior to 30 June 2015. Refer to Note 44.

** The distribution of 6.20 cents per stapled security for the half year ended 30 June 2014 was not declared prior to 30 June 2014.

(b) ALL Group

During the year, a subsidiary of ALL paid to the Trust $1.6 million (2014: $3.9 million) relating to convertible notes which were classified as equity under Australian Accounting Standards. A fully franked dividend of 3.0 cents (2014: nil) per stapled security was paid from the ALL Group totalling $13.2 million (2014: nil) during the current financial year.

(c) Franking credits

The tax consolidated group has franking credits of $3,414,276 (2014: $6,709,050). It is the tax consolidated group's intention to distribute these franking credits to security holders where possible.

13. Receivables

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Trade receivables	11,315	7,938	11,315	7,938
Receivable from the Trust	-	-	2,354	346
Provision for doubtful debts	(459)	(522)	(459)	(522)
	10,856	**7,416**	**13,210**	**7,762**

The Group has recognised an expense of $199,959 in respect of bad and doubtful trade receivables during the year ended 30 June 2015 (2014: $121,948). The expense has been included in other expenses in the Income Statement.

14. Derivative financial instruments

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current assets				
Forward foreign exchange contracts	263	-	-	-
	263	**-**	**-**	**-**
Non-current assets				
Forward foreign exchange contracts	114	-	-	-
	114	**-**	**-**	**-**
Current liabilities				
Forward foreign exchange contracts	-	11	-	-
Interest rate swaps	98	448	-	-
	98	**459**	**-**	**-**
Non-current liabilities				
Forward foreign exchange contracts	-	9	-	-
Interest rate swaps	2,133	995	129	48
	2,133	**1,004**	**129**	**48**

Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to buy US dollars and sell Australian dollars. These contracts total A$2.1 million (2014: A$4.6 million).

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

Interest rate swaps

The Group has entered into interest rate swap agreements totalling $70.0 million (2014: $100.0 million) and US$47.0 million (2014: US$30.0 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal and obliges it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate. The Group also has forward starting interest rate swaps totalling $90.0 million (2014: $40.0 million) with start dates from June 2017 and end dates to June 2018.

With the exception of one $40.0 million swap, all interest rate swap contracts qualify as cash flow hedges. Accordingly, the change in fair value of these swaps is recorded in the cash flow hedge reserve. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement. For the one swap which does not qualify as a cash flow hedge, the changes in fair value are recorded directly in the Income Statement. Notwithstanding the accounting outcome, the Manager considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange exposures of the Group and the ALL Group.

14. Derivative financial instruments (continued)

Interest rate swaps (continued)

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Less than 1 year	40,000	60,000	-	-
1 - 2 years	111,198	40,000	39,063	-
2 - 3 years	70,000	71,813	-	31,813
3 - 4 years	-	-	-	-
4 - 5 years	-	-	-	-
More than 5 years	-	-	-	-
	221,198	**171,813**	**39,063**	**31,813**

15. Inventories

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Goods held for resale	11,392	9,398	11,392	9,398
Provision for diminution	(20)	(20)	(20)	(20)
	11,372	**9,378**	**11,372**	**9,378**

There was no reversal of write-downs of inventories recognised as a benefit during the year ended 30 June 2015 (2014: nil).

16. Property held for sale

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Family entertainment centres	-	10,650	-	10,650
	-	**10,650**	**-**	**10,650**

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Opening balance	10,650	4,210	10,650	4,210
Transfer from property, plant and equipment	-	9,741	-	9,741
Additions	19,551	6,725	19,551	6,725
Foreign exchange movements	4,163	(168)	4,163	(168)
Disposals	(34,364)	(9,858)	(34,364)	(9,858)
Closing balance	**-**	**10,650**	**-**	**10,650**

During the year, the Group disposed of three family entertainment centres at Tulsa and Oklahoma City, Oklahoma and San Antonio West, Texas, being previously held for sale. The three centres were disposed of through sale and leaseback transactions.

17. Other assets

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Prepayments	6,779	6,685	3,069	3,186
Accrued revenue	3,957	2,252	3,957	2,252
	10,736	**8,937**	**7,026**	**5,438**

18. Investment properties

Consolidated Group

Property	Note	Valuer	Cost 2015 $'000	Cumulative revaluation (decrements)/ increments 2015 $'000	Consolidated book value 2015 $'000	Cost 2014 $'000	Cumulative revaluation (decrements)/ increments 2014 $'000	Consolidated book value 2014 $'000
Excess land at Dreamworld	(a)	(1)	2,875	(975)	1,900	2,874	(462)	2,412
Marinas	(b)	(2)	77,594	19,832	97,426	73,638	19,820	93,458
Total			**80,469**	**18,857**	**99,326**	**76,512**	**19,358**	**95,870**

(a) The remaining excess land has been valued by Directors at $1.9 million (2014: $2.4 million).
(b) The total carrying value of d'Albora Marinas (including plant and equipment of $7.8 million (2014: $7.8 million)) is $105.2 million (2014: $101.3 million). The fair value was assessed to be $105.2 million (2014: $101.3 million).
(1) Robert Tye, CBRE Valuations Pty Limited, independently valued the excess land on Foxwell Road, Coomera at 31 December 2014 at $1.1 million. The remaining excess land has been valued by the Directors at 31 December 2014 at $0.8 million.
(2) Adam Ellis, LandMark White (Sydney) Pty Limited, independently valued two of the seven properties at 30 June 2015. The remaining five properties were last independently valued at 30 June 2014.

Refer to Note 39(b) for information on the valuation techniques used to derive the fair value of the investment properties.

A reconciliation of the carrying amount of investment properties at the beginning and end of the current year is set out below:

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Carrying amount at the beginning of the year	95,870	95,232	-	-
Additions	3,957	638	-	-
Revaluation decrements	(501)	-	-	-
Carrying amount at the end of the year	**99,326**	**95,870**	**-**	**-**

Amounts recognised in the Income Statement for investment properties:

Revenue from investment properties	18,085	18,186	-	-
Property expenses incurred on investment properties	(2,615)	(2,548)	-	-

At 30 June 2015, the Group had receivables from third parties totalling $332,646 (2014: $648,709) relating to leases on its investment properties.

19. Property, plant and equipment

Consolidated Group

Property	Note	Cost less accumulated depreciation 2015 $'000	Cumulative revaluation increments/ (decrements) 2015 $'000	Consolidated book value 2015 $'000	Cost less accumulated depreciation 2014 $'000	Cumulative revaluation increments/ (decrements) 2014 $'000	Consolidated book value 2014 $'000
Theme parks	(1) (2)	213,490	39,015	252,505	212,603	34,811	247,414
Marinas	(3)	7,777	-	7,777	7,806	-	7,806
Bowling centres	(4)	104,350	1,900	106,250	97,335	1,900	99,235
Family entertainment centres	(5)	157,322	(86)	157,236	78,446	(86)	78,360
Health clubs	(6)	83,092	-	83,092	74,605	-	74,605
Other	(7)	2,823	-	2,822	2,742	-	2,742
Total		**568,854**	**40,829**	**609,682**	**473,537**	**36,625**	**510,162**

(1) The book value of Dreamworld and WhiteWater World land and buildings and major rides and attractions (including intangible assets of $0.8 million (2014: $0.8 million)) is $227.5 million (2014: $227.0 million). In an independent valuation performed at 30 June 2015 by Jones Lang LaSalle, the fair value for these assets was assessed to be $227.0 million (2014: $227.0 million). The Directors have valued other property, plant and equipment of Dreamworld and WhiteWater World at 30 June 2015 at $2.9 million (2014: $2.3 million).
(2) The book value of SkyPoint (including intangible assets of $3.6 million (2014: $3.6 million)) is $26.5 million (2014: $22.5 million). In an independent valuation performed at 30 June 2015, the fair value for SkyPoint was assessed to be $26.5 million (2014: $22.5 million).
(3) The Directors have valued the property, plant and equipment of d'Albora Marinas at $7.8 million (2014: $7.8 million).
(4) The one remaining freehold building was independently valued at 30 June 2013 at $1.9 million. At 30 June 2015, the Directors assessed the fair value of the freehold building to be $1.9 million (2014: $1.9 million) and the remaining property, plant and equipment to be $104.4 million (2014: $97.3 million).
(5) At 30 June 2015, the Directors assessed the fair value of the property, plant and equipment in its family entertainment centres to be $157.2 million (2014: $78.4 million).
(6) The Directors have valued the property, plant and equipment of Goodlife at 30 June 2015 at $83.1 million (2014: $74.6 million).
(7) The fair value of other property, plant and equipment was assessed by the Directors to be $2.8 million (2014: $2.7 million) at 30 June 2015.

Refer to Note 39(b) for information on the valuation techniques used to derive the fair value of the land and buildings and major rides and attractions.

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

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated Group - 2015							
Carrying amount at the beginning of the year	283,047	63,579	144,908	492	17,862	274	510,162
Additions	42,834	3,389	66,474	-	3,228	50	115,975
Acquired through business combinations	4,080	-	971	-	469	-	5,520
Transfer to plant and equipment	-	-	492	(492)	-	-	-
Disposals	(415)	-	(1,159)	-	(50)	(3)	(1,627)
Depreciation	(13,657)	(1,766)	(27,294)	-	(4,466)	(73)	(47,256)
Foreign exchange movements	9,793	-	12,226	-	(6)	-	22,013
Revaluation increments	7,541	-	-	-	-	-	7,541
Impairment	(2,646)	-	-	-	-	-	(2,646)
Carrying amount at the end of the year	**330,577**	**65,202**	**196,618**	**-**	**17,037**	**248**	**609,682**

19. Property, plant and equipment (continued)

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated Group - 2014							
Carrying amount at the beginning of the year	248,679	64,994	133,646	582	13,630	384	461,915
Additions	39,629	1,524	31,399	-	6,660	25	79,237
Acquired through business combinations	1,591	-	1,368	-	208	-	3,167
Transfer to property held for sale	(9,741)	-	-	-	-	-	(9,741)
Disposals	(815)	(829)	(470)	-	(68)	(30)	(2,212)
Depreciation	(10,473)	(2,110)	(20,236)	(90)	(2,574)	(105)	(35,588)
Foreign exchange movements	(1,279)	-	(799)	-	6	-	(2,072)
Revaluation increments	15,456	-	-	-	-	-	15,456
Carrying amount at the end of the year	**283,047**	**63,579**	**144,908**	**492**	**17,862**	**274**	**510,162**

	Land and buildings $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Total $'000
ALL Group - 2015				
Carrying amount at the beginning of the year	50,437	72,534	492	123,463
Additions	30,289	62,477	-	92,766
Acquired through business combinations	-	1,441	-	1,441
Transfer to plant and equipment	-	492	(492)	-
Disposals	(399)	(619)	-	(1,018)
Depreciation	(2,305)	(21,848)	-	(24,153)
Foreign exchange movements	9,820	12,290	-	22,110
Impairment	(1,009)	-	-	(1,009)
Carrying amount at the end of the year	**86,833**	**126,767**	**-**	**213,600**

	Land and buildings $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Total $'000
ALL Group - 2014				
Carrying amount at the beginning of the year	28,056	54,812	582	83,450
Additions	35,079	30,433	-	65,512
Acquired through business combinations	-	1,576	-	1,576
Transfer to property held for sale	(9,741)	-	-	(9,741)
Disposals	(2)	(514)	-	(516)
Depreciation	(1,641)	(12,821)	(90)	(14,552)
Foreign exchange movements	(1,314)	(952)	-	(2,266)
Carrying amount at the end of the year	**50,437**	**72,534**	**492**	**123,463**

20. Livestock

Livestock comprises wildlife animals housed at the Dreamworld site.

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
At 1 July				
Cost	863	828	863	828
Accumulated depreciation	(563)	(523)	(563)	(523)
Net book amount	**300**	**305**	**300**	**305**
Year ended 30 June				
Opening net book amount	300	305	300	305
Additions	-	81	-	81
Disposals	(25)	(46)	(25)	(46)
Depreciation	(30)	(40)	(30)	(40)
Closing net book amount	**245**	**300**	**245**	**300**
At 30 June				
Cost	838	863	838	863
Accumulated depreciation	(593)	(563)	(593)	(563)
Net book amount	**245**	**300**	**245**	**300**

21. Intangible assets

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Customer relationships at cost	35,935	29,812	35,935	29,812
Accumulated amortisation	(30,386)	(24,697)	(30,386)	(24,697)
	5,549	**5,115**	**5,549**	**5,115**
Brands at cost	12,312	10,850	12,312	10,850
Accumulated amortisation	(5,546)	(4,454)	(5,546)	(4,454)
	6,766	**6,396**	**6,766**	**6,396**
Other intangible assets at cost	8,251	3,448	6,823	2,020
Accumulated amortisation	(2,774)	(1,960)	(1,346)	(532)
	5,477	**1,488**	**5,477**	**1,488**
Goodwill at cost	236,850	199,795	236,850	199,795
Accumulated impairment charge	(11,698)	(11,557)	(11,698)	(11,557)
	225,152	**188,238**	**225,152**	**188,238**
Total intangible assets	**242,944**	**201,237**	**242,944**	**201,237**

21. Intangible assets (continued)

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Customer relationships				
Opening net book amount	5,115	9,594	5,115	9,594
Additions	6,123	1,160	6,123	1,160
Amortisation	(5,689)	(5,639)	(5,689)	(5,639)
Closing net book amount	**5,549**	**5,115**	**5,549**	**5,115**
Brands				
Opening net book amount	6,396	2,779	6,396	2,779
Additions	1,210	4,311	1,210	4,311
Amortisation	(1,089)	(694)	(1,089)	(694)
Foreign exchange movements	249	-	249	-
Closing net book amount	**6,766**	**6,396**	**6,766**	**6,396**
Other intangible assets				
Opening net book amount	1,488	202	1,488	202
Additions	4,803	1,368	4,803	1,368
Amortisation	(814)	(82)	(814)	(82)
Closing net book amount	**5,477**	**1,488**	**5,477**	**1,488**
Goodwill				
Opening net book amount	188,238	184,213	188,238	184,213
Additions	27,664	5,087	27,664	5,087
Foreign exchange movements	9,391	(1,062)	9,391	(1,062)
Impairment	(141)	-	(141)	-
Closing net book amount	**225,152**	**188,238**	**225,152**	**188,238**
Total intangible assets	**242,944**	**201,237**	**242,944**	**201,237**

Customer relationships

Customer relationships relate to the relationships with health club members which were acquired as part of the various acquisitions of health clubs.

Brands

The brands relate to the Goodlife brand acquired in September 2007 along with the distribution agreement for the use of the Hypoxi brand in March 2014.

Other intangible assets

Other intangible assets represent registered trademarks associated with Dreamworld operations, intellectual property associated with Australian Tour Desk, liquor licences held by the bowling centres and software built across all the business units in the Group.

Goodwill

Goodwill represents goodwill acquired by the Group as part of various acquisitions. The movement in goodwill at cost in the period is due to the acquisition of eight health clubs and an amusement arcade (refer to Note 32) and the movement in the USD:AUD foreign exchange rate.

Goodwill is monitored by management at the operating segment level. Management reviews the business performance based on geography and type of business. The Group has six reportable segments as disclosed in Note 37.

21. Intangible assets (continued)

Goodwill (continued)

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

Consolidated Group and ALL Group

2015	Australia $'000	United States $'000	New Zealand $'000	Total $'000
Theme parks	4,366	-	-	4,366
Bowling centres	20,270	-	3,476	23,746
Family entertainment centres	-	54,608	-	54,608
Health clubs	142,432	-	-	142,432
	167,068	**54,608**	**3,476**	**225,152**

2014	Australia $'000	United States $'000	New Zealand $'000	Total $'000
Theme parks	4,366	-	-	4,366
Bowling centres	18,080	-	3,646	21,726
Family entertainment centres	-	45,066	-	45,066
Health clubs	117,080	-	-	117,080
	139,526	**45,066**	**3,646**	**188,238**

Impairment tests for goodwill

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

Key assumptions used for value in use calculations

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

	Budget/forecast period growth rate		Long term growth rate[1]		Post tax discount rate[2]	
	2015	2014	2015	2014	2015	2014
	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Theme parks[(3)]	N/A	N/A	N/A	N/A	N/A	N/A
Bowling centres	2.00	2.00	2.00	2.00	8.26	8.50
Family entertainment centres	3.00	3.00	3.00	3.00	7.16	7.50
Health clubs	0.00 - 2.00	2.00	2.00	2.00	8.26	8.50

(1) Average growth rate used to extrapolate cash flows beyond the budget/forecast period.
(2) In performing the value in use calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. Pre-tax discount rates are 9.51% for bowling centres, 9.747% for health clubs and 8.42% for family entertainment centres.
(3) All non-current assets in the theme parks division are already held at fair value at 30 June 2015 and were independently valued by Jones Lang LaSalle (refer to Note 19). As a result, no impairment testing is required at 30 June 2015.

The period over which management has projected the CGU cash flows is based upon the individual CGU's lease term available. These assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are post-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the 2016-2019 financial year budgets/forecasts. Cash flows beyond the budget period are extrapolated using the growth rates stated above. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

21. Intangible assets (continued)

Impairment tests for goodwill (continued)

Sensitivity to changes in assumptions

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

In relation to the CGUs above, the recoverable amount of family entertainment centres and bowling centres is well in excess of their carrying amounts.

The recoverable amounts of the health clubs CGUs is both sensitive to changes in the key assumptions. The table below shows the impact of reasonably possible changes in these assumptions on the surplus of the CGU's recoverable amount over its carrying amount:

		Discount rate		Long term growth rate		First year EBITDA	
	Base case $'000	+1.0% $'000	+2.0% $'000	-0.5% $'000	-1.0% $'000	-2.0% $'000	-5.0% $'000
Health clubs surplus/(deficit)	9,119	(24,182)	(49,477)	(6,098)	(19,229)	1,237	(10,585)

The recoverable amount of these CGUs would equal their carrying amount if the key assumptions were to change as follows:

	Discount rate		Long term growth rate		First year EBITDA	
	from	to	from	to	from	to
Health clubs surplus/(deficit)	8.26%	8.51%	2.00%	1.71%	0.00%	(2.31%)

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

22. Deferred tax assets

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Doubtful debts	142	216	142	216
Employee benefits	5,471	4,757	5,471	4,757
Provisions and accruals	4,287	1,167	4,287	1,167
Depreciation of property, plant and equipment	831	153	831	153
Inventory diminution	24	6	24	6
Deferred income	96	76	96	76
Unrealised foreign exchange losses	-	4	-	4
Lease incentives	4,117	1,563	4,117	1,563
Other	98	179	98	179
Deferred tax assets	**15,066**	**8,121**	**15,066**	**8,121**
Set-off of deferred tax balances pursuant to set-off provisions				
Australia	(4,663)	(3,986)	(4,663)	(3,986)
United States	(6,160)	(2,157)	(6,160)	(2,157)
Net deferred tax assets	**4,243**	**1,978**	**4,243**	**1,978**
Movements				
Balance at the beginning of the year	8,121	8,158	8,121	8,158
Credited/(charged) to the Income Statement (refer to Note 10)	6,732	(328)	6,732	(328)
Credited to cash flow hedge reserve (refer to Note 30)	24	11	24	11
Acquired through business combinations (refer to Note 32)	189	280	189	280
Balance at the end of the year	**15,066**	**8,121**	**15,066**	**8,121**
Deferred tax assets to be recovered within 12 months	8,736	5,849	8,736	5,849
Deferred tax assets to be recovered after more than 12 months	6,330	2,272	6,330	2,272
	15,066	**8,121**	**15,066**	**8,121**

23. Payables

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current				
Custodian fee	48	52	-	-
Interest payable	412	442	85	35
GST payable	1,661	1,570	1,666	847
Trade creditors	8,770	9,142	8,770	9,142
Property expenses payable	761	1,048	-	-
Employee share plan	170	361	3,497	6,675
Employee benefits	17,238	13,361	17,238	13,361
Deferred income	12,864	9,131	12,864	9,131
Deferred settlement for acquisition of business	2,377	-	-	-
Stamp duty payable for acquisition of business	1,823	-	1,823	-
Straight-line rent liability	17,056	14,327	3,760	2,060
Lease incentive liabilities	11,245	4,596	11,245	4,596
Property tax payable	1,826	945	1,826	945
Other creditors and accruals	15,072	14,090	13,513	13,495
Total payables	**91,323**	**69,065**	**76,287**	**60,287**

24. Interest bearing liabilities

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current				
Finance lease	-	61	-	61
Total current	**-**	**61**	**-**	**61**
Non-current				
Bank loan - term debt	279,761	261,551	110,547	79,851
Less: amortised costs - bank loan	(1,143)	(1,340)	(442)	(390)
Loans from the Trust*	-	-	126,901	125,365
Total non-current	**278,618**	**260,211**	**237,006**	**204,826**
Total interest bearing liabilities	**278,618**	**260,272**	**237,006**	**204,887**

* Further information relating to these loans is included in Note 36(g).

The term debt is secured by mortgages over all freehold property, leasehold mortgages over key bowling centre, health club and marina leases, registered security interests over all present and after acquired property of key Group companies, and pledged interests over all US property. On 30 September 2014, the Group increased the loan facilities to include an additional US$40.0 million. The terms of the debt also impose certain covenants on the Group as follows:

- Debt serviceability ratio, being the ratio of debt to EBITDA adjusted for unrealised and one off items (adjusted EBITDA), must not exceed 3.75 (2014: 3.25); and
- Fixed charge cover ratio, being the ratio of adjusted EBITDA to fixed charges, must be no less than 1.75 (2014: 1.75).

With effect from 30 September 2014, the Group is no longer subject to a gearing ratio covenant (2014: 40% maximum gearing covenant).

24. Interest bearing liabilities (continued)

Total secured liabilities and assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current				
Floating charge				
Cash and cash equivalents	4,986	7,079	4,685	6,197
Receivables	10,856	7,416	13,210	7,762
Derivative financial instruments	263	-	-	-
Inventories	11,372	9,378	11,372	9,378
Current tax receivables	1,740	-	1,740	-
Property held for sale	-	10,650	-	10,650
Other	10,736	8,937	7,026	5,438
Total current assets	**39,953**	**43,460**	**38,033**	**39,425**
Non-current				
Mortgage				
Investment properties	99,326	95,870	-	-
Land and buildings	330,577	275,405	86,833	42,795
	429,903	**371,275**	**86,833**	**42,795**
Floating charge				
Property, plant and equipment	279,105	226,623	126,767	72,534
Livestock	245	300	245	300
Derivative financial instruments	114	-	-	-
Intangible assets	17,792	12,999	17,792	12,999
	297,256	**239,922**	**144,804**	**85,833**
Finance lease				
Plant and equipment	-	492	-	492
Total non-current assets	**727,159**	**611,689**	**231,637**	**129,120**
Total assets	**767,112**	**655,149**	**269,670**	**168,545**

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements and revert to the lessor in the event of default.

24. Interest bearing liabilities (continued)

Credit facilities

As at 30 June 2015, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
A$ syndicated facilities	200,000	200,000	-	-
Amount used	(144,400)	(163,400)	-	-
Amount unused	**55,600**	**36,600**	**-**	**-**
US$ syndicated facilities	208,334	127,253	182,292	106,045
Amount used	(135,361)	(98,151)	(110,547)	(79,851)
Amount unused	**72,973**	**29,102**	**71,745**	**26,194**
Trust facilities	-	-	226,042	355,975
Amount used	-	-	(126,901)	(125,365)
Amount unused	**-**	**-**	**99,141**	**230,610**
Total facilities	408,334	327,253	408,334	462,020
Total amount used	(279,761)	(261,551)	(237,448)	(205,216)
Total amount unused	**128,573**	**65,702**	**170,886**	**256,804**

Consolidated Group

The Group has access to A$200.0 million (2014: A$200.0 million) syndicated facilities and a US$160.0 million (2014: US$120.0 million) syndicated facilities. A$100.0 million of the AUD facilities will mature on 1 July 2016 and A$100.0 million will mature on 1 July 2017. US$90.0 million of the USD facilities will mature on 1 July 2016 and US$70.0 million will mature on 1 July 2017.

As noted in note 44, effective 11 August 2015, the Group completed refinancing of its syndicated loan facilities. This has resulted in an increase in the available USD facilities to US$280.0 million (30 June 2015: US$160.0 million) and an extended tenure maturing in equal tranches of three, four and five years respectively. Australian dollar facilities remain at $200.0 million (30 June 2015: $200.0 million) however have been similarly extended to mature in equal tranches of three, four and five years respectively.

All of the facilities have a variable interest rate. As detailed in Note 14, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average interest rates payable on the loans at 30 June 2015, including the impact of the interest rate swaps, is 4.28% per annum for AUD denominated debt (2014: 5.15% per annum) and 1.92% per annum for USD denominated debt (2014: 1.81% per annum).

ALL Group

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

Australian Trust loan facilities totalling $200.0 million (2014: $249.9 million) have a maturity date of 1 July 2017. In addition, the ALL Group has US$20.0 million (2014: US$100.0 million) facilities with the Trust maturing on 1 July 2017.

The ALL Group has access to US$140.0 million (2014: US$100.0 million) syndicated facilities. US$70.0 million of the facilities will mature on 1 July 2016 and US$70.0 million will mature on 1 July 2017.

Effective 11 August 2015, the ALL Group completed refinancing of its syndicated loan facilities. This has resulted in an increase in the available USD facilities to US$260.0 million (30 June 2015: US$140.0 million) and an extended tenure with $73.3 million maturing in three years, $93.3 million maturing in four years and $93.3 million maturing in five years.

Information about the Group's exposure to foreign exchange risk and interest rates is provided in Note 38.

25. Provisions

(a) Distributions to stapled security holders

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Opening balance	-	-	-	-
Distributions/dividends declared	55,820	49,025	14,790	3,874
Distributions/dividends paid	(39,041)	(40,107)	(11,132)	(3,874)
Distributions reinvested	(16,779)	(8,918)	(3,658)	-
Closing balance	**-**	**-**	**-**	**-**

A provision for the distribution relating to the half year to 30 June 2015 was not recognised as the distribution had not been declared at the reporting date. Refer to Note 44.

(b) Other provisions

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Current				
Employee benefits	3,047	2,700	3,047	2,700
Sundry*	189	572	189	572
Total current	**3,236**	**3,272**	**3,236**	**3,272**
Non-current				
Employee benefits	1,803	1,625	1,803	1,625
Property onerous lease contracts	4,221	-	1,569	-
Property make good obligations	9,745	-	2,180	-
Total non-current	**15,769**	**1,625**	**5,552**	**1,625**
Total provisions	**19,005**	**4,897**	**8,788**	**4,897**
Movements in sundry provisions				
Carrying amount at the beginning of the year	572	542	572	542
Additional provisions recognised	411	718	411	718
Amounts utilised	(794)	(688)	(794)	(688)
Carrying amount at the end of the year	**189**	**572**	**189**	**572**

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

The current provision for employee benefits includes accrued long service leave which covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. This is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

26. Other liabilities

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Security deposits	2,694	2,155	2,694	2,155
	2,694	**2,155**	**2,694**	**2,155**

27. Deferred tax liabilities

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Intangible assets	3,682	3,392	3,682	3,392
Prepayments	837	481	837	481
Accrued revenue	122	123	122	123
Depreciation of property, plant and equipment	28,045	11,424	28,045	11,424
Deferred tax liabilities	**32,686**	**15,420**	**32,686**	**15,420**
Set-off deferred tax balances pursuant to set-off provisions				
Australia	(4,663)	(3,986)	(4,663)	(3,986)
United States	(6,160)	(2,157)	(6,160)	(2,157)
Net deferred tax liabilities	**21,863**	**9,277**	**21,863**	**9,277**
Movements				
Balance at the beginning of the year	15,420	15,624	15,420	15,624
Charged/(credited) to the Income Statement (refer to Note 10)	15,086	(1,860)	15,086	(1,860)
Acquired through business combinations (refer to Note 32)	2,180	1,656	2,180	1,656
Balance at the end of the year	**32,686**	**15,420**	**32,686**	**15,420**
Deferred tax liabilities to be settled within 12 months	845	604	845	604
Deferred tax liabilities to be settled after more than 12 months	31,841	14,816	31,841	14,816
	32,686	**15,420**	**32,686**	**15,420**

28. Contributed equity

No. of securities/shares	Details	Date of income entitlement	Note	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
397,803,987	Securities/shares on issue	30 Jun 2013			501,416		14,202
5,295,345	DRP issue	1 Jul 2013	(i)		8,918		1,504
1,895,088	Security-based payments - securities/shares issued	1 Jul 2013	(ii)		3,469		585
61,288	Security-based payments - securities/shares issued	1 Jul 2013	(ii)		112		19
-	Issue costs paid				(3)		(1)
405,055,708	Securities/shares on issue	30 Jun 2014		513,912	513,912	16,309	16,309
6,358,756	DRP issue	1 Jul 2014	(i)	16,779		3,658	
1,751,698	Security-based payments - securities/shares issued	1 Jul 2014	(ii)	5,255		878	
110,302	Security-based payments - securities/shares issued	1 Jan 2015	(ii)	228		59	
20,746,888	Fitness First WA placement	1 Jul 2014	(iii)	50,000		8,356	
8,298,754	Security Purchase Plan	1 Jul 2014	(iii)	20,000		3,342	
-	Issue costs paid			(993)		(167)	
-	Capital reallocation		(iv)	-		122,827	
442,322,106	**Securities/shares on issue**	**30 Jun 2015**		**605,181**	**513,912**	**155,262**	**16,309**

(i) Distribution Reinvestment Plan (DRP) issues

The Group has established a DRP under which stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than being paid in cash. The discount available on stapled securities issued under the DRP is 2.0% on the market price. The DRP will be in operation for the distribution for the half year ended 30 June 2015 and was in operation for the half year ended 31 December 2014.

(ii) Security-based payments

The Group has Deferred Short Term Incentive Plan and Long Term Incentive Plan remuneration arrangements under which performance rights are issued to certain management and other personnel within the Group as part of their remuneration arrangements. These performance rights are subject to vesting conditions as set out in Note 29. Upon vesting, the Group issues stapled securities to these personnel.

(iii) Fitness First WA placement and Security Purchase Plan

On 7 August 2014 and 15 September 2014, the Group issued stapled securities under a placement and a Security Purchase Plan respectively to fund the acquisition of eight Fitness First health clubs in Western Australia, as set out in Note 32, and future investment in Main Event.

(iv) Capital reallocation

The Group and ALL Group implemented a capital reallocation during the period of 0.28 cents per stapled security. This resulted in $122.8 million of capital being transferred from the Trust to the Company. There was no impact on the number of units and the number of shares on issue as a result of the capital reallocation.

29. Security-based payments

(a) Deferred Short Term Incentive Plan (DSTI)

Plan name	DSTI
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the DSTI.
Types of securities issued	Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
Treatment of non-Australian residents	For employees who are not Australian residents, the DSTI historically granted cash awards to those executives. Administrative arrangements have now been made to issue equity awards and not cash awards to non-resident executives. All awards, whether equity or cash, are subject to the same tenure hurdles.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally one year and two years following the grant date.
What are the vesting conditions?	Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.
Did any of the securities vest?	During the financial year, a total of 777,419 performance rights vested.

Australian employees

Since 1 July 2010, long term incentives have been provided to certain executives under the DSTI. Under the terms of the DSTI, employees may be granted performance rights, of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 16 December 2010, with the first vesting date being the day after the full year results announcement for the year ended 30 June 2011. A total of 659,745 performance rights vested on 19 August 2014 and 12 March 2015 and a corresponding number of stapled securities were issued to employees under the terms of the DSTI (2014: 722,192).

The characteristics of the DSTI indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the DSTI's service criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the DSTI is accounted for as a cash settled share-based payment.

Fair value – Australian employees

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

The fair value of the performance rights granted under the DSTI is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of performance rights is determined at each reporting date using a binomial tree valuation model with the movement in fair value of the liability being recognised in the Income Statement.

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

29. Security-based payments (continued)

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the DSTI were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of each vesting period, the number of performance rights which would have vested is multiplied by the Group stapled security volume weighted average price (VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 60,845 cash settled performance rights vested on 19 August 2014 to US employees under the terms of the DSTI (2014: 135,090). Following steps taken to issue equity to US resident employees, all new performance rights issued after 1 July 2014 will be settled in equity upon vesting in future periods. As such, the performance rights are considered to be equity settled shared-based payments under AASB 2. A total of 56,829 equity settled performance rights vested on 19 August 2014 (2014: nil). In the ALL financial statements, all performance rights issued to US employees are considered to be cash settled.

Fair value – US employees

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

The fair value of equity settled performance rights is determined at grant date using a binomial tree valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

Valuation inputs

For the performance rights outstanding at 30 June 2015, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the date of grant. This valuation is used to value the equity settled performance rights granted to employees at 30 June 2015:

Grant	2013	2014
Grant date	23 August 2013	19 August 2014
Vesting date – year 1	19 August 2014	31 August 2015
Vesting date – year 2	31 August 2015	31 August 2016
Average risk free rate	2.60% per annum	2.50% per annum
Expected price volatility	30.9% per annum	27.0% per annum
Expected distribution yield	6.6% per annum	4.3% per annum
Stapled security price at grant date	$1.82	$3.00
Valuation per performance right on issue	$1.66	$2.81

The table below shows the fair value of the performance rights in each grant as at 30 June 2015 as well as the factors used to value the performance rights as at 30 June 2015. This valuation is used to value the cash settled performance rights granted to employees at 30 June 2015:

Grant	2013	2014
Grant date	23 August 2013	19 August 2014
Vesting date – year 1	19 August 2014	31 August 2015
Vesting date – year 2	31 August 2015	31 August 2016
Average risk free rate	2.00% per annum	2.00% per annum
Expected price volatility	41.9% per annum	41.9% per annum
Expected distribution yield	5.8% per annum	5.8% per annum
Stapled security price at year end	$2.17	$2.17
Valuation per performance right at year end	$2.17	$2.10

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

29. Security-based payments (continued)

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

Tenure hurdle

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

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

	Consolidated Group 2015 Rights	Consolidated Group 2014 Rights	ALL Group 2015 Rights	ALL Group 2014 Rights
Performance rights issued to participating executives:				
Performance rights	543,698	950,807	543,698	950,807

Grant date	Expiry date	Exercise price	Valuation per right	Balance at beginning of the year	Granted	Exercised	Failed to vest	Cancelled	Balance at the end of the year
24 Aug 2012	19 Aug 2014	nil	114.7 cents	383,419	-	(383,419)	-	-	-
23 Aug 2013	31 Aug 2015	nil	166.1 cents	567,388	-	(334,074)	-	(19,383)	213,931
19 Aug 2014	31 Aug 2016	nil	280.8 cents	-	408,823	(59,926)	-	(19,130)	329,767
				950,807	**408,823**	**(777,419)**	**-**	**(38,513)**	**543,698**

The rights have an average maturity of six months.

(b) Long Term Incentive Plan (LTIP)

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

29. Security-based payments (continued)

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

Plan name	LTIP
What are the vesting conditions?	For grants made after 1 July 2014, in order for any or all of the performance rights to vest one or both of the following hurdles must be met: • TSR performance hurdle - the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark group for the same period. A sliding scale of vesting applies above the 50th percentile threshold; and • EPS performance hurdle - the Group's compound EPS growth for the performance period must exceed 5%. A sliding scale of vesting applies above the 5% threshold.
What does total shareholder return include?	TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.
What is the earnings per security hurdle?	The EPS hurdle refers to the annual growth of earnings per security over the total vesting periods of two, three and four years from the grant date.
What is the benchmark group?	The benchmark group comprises the ASX Small Industrials Index.
Did any of the securities vest?	During the financial year, a total of 1,202,878 performance rights reached vesting following an independent third party assessment of the Group's TSR performance compared to the benchmark.

Australian employees

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

During the year, the relative TSR performance of the Group was tested in accordance with the LTIP for tranches issued in 2010, 2011 and 2012 with the following results:

Tranche	TSR percentile	Vesting percentage
T3-2010	96.70	100.0%
T2-2011	93.62	100.0%
T1-2012	91.75	100.0%

A total of 1,145,426 performance rights vested on 19 August 2014 and a corresponding number of stapled securities were issued to Australian employees under the terms of the LTIP (2014: 1,234,184).

The characteristics of the LTIP indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB 2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the LTIP's service and performance criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the LTIP is accounted for as a cash settled share-based payment.

29. Security-based payments (continued)

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

Fair value – Australian employees

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

The fair value of the performance rights granted under the LTIP is recognised in the ALL Group financial statements as an employee benefit expense with a corresponding increase in liabilities. The fair value of each grant of performance rights is determined at each reporting date using a Monte Carlo simulation valuation model with the movement in fair value of the liability being recognised in the Income Statement.

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

US employees

Due to previous restrictions on the issue of securities to US residents, those US executives eligible for the DSTI were subject to a shadow performance rights scheme whereby a cash payment was made instead of performance rights being granted. At the end of each vesting period, the number of performance rights which would have vested is multiplied by the Group stapled security VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 57,452 cash settled performance rights vested on 19 August 2014 to US employees under the terms of the LTIP (2014: 69,060). Following steps taken to issue equity to US resident employees, all new performance rights issued after 1 July 2014 will be settled in equity upon vesting in future periods. As such, these performance rights are considered to be equity settled shared-based payments under AASB 2.

Fair value – US employees

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

The fair value of equity settled performance rights is determined at grant date using a Monte Carlo simulation valuation model. This is recorded as an employee benefit expense with a corresponding increase in equity.

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

Valuation inputs

For performance rights outstanding at 30 June 2015, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. This valuation is used to value the equity settled performance rights granted to employees at 30 June 2015:

Grant	2011	2012	2013	2014
Grant date	12 September 2011	24 August 2012	23 August 2013	19 August 2014
Vesting date – year 2	23 August 2013	19 August 2014	31 August 2015	31 August 2016
Vesting date – year 3	19 August 2014	31 August 2015	31 August 2016	31 August 2017
Vesting date – year 4	31 August 2015	31 August 2016	31 August 2017	31 August 2018
Average risk free rate	3.49% per annum	2.73% per annum	2.60% per annum	2.57% per annum
Expected price volatility	40.0% per annum	35.0% per annum	32.0% per annum	27.0% per annum
Expected distribution yield	11.0% per annum	9.1% per annum	6.6% per annum	4.3% per annum
Stapled security price at grant date	$1.055	$1.290	$1.815	$3.00
Valuation per performance right on issue	$0.44	$0.61	$0.76	$1.54

29. Security-based payments (continued)

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

Valuation inputs (continued)

The table below shows the fair value of the performance rights for each grant as at 30 June 2015 as well as the factors used to value the performance rights at 30 June 2015. This valuation is used to value the cash settled performance rights granted to employees at 30 June 2015:

Grant	2011	2012	2013	2014
Grant date	12 September 2011	24 August 2012	23 August 2013	19 August 2014
Vesting date – year 2	23 August 2013	19 August 2014	31 August 2015	31 August 2016
Vesting date – year 3	19 August 2014	31 August 2015	31 August 2016	31 August 2017
Vesting date – year 4	31 August 2015	31 August 2016	31 August 2017	31 August 2018
Average risk free rate	2.00% per annum	2.00% per annum	2.00% per annum	2.00% per annum
Expected price volatility	41.9% per annum	41.9% per annum	39.3% per annum	36.2% per annum
Expected distribution yield	5.8% per annum	5.8% per annum	5.8% per annum	5.8% per annum
Stapled security price at year end	$2.17	$2.17	$2.17	$2.17
Valuation per performance right on issue	$2.17	$1.94	$1.43	$0.58

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

Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's TSR and/or (for grants made after 1 July 2014) the EPS hurdle must be met.

TSR

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

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

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

EPS

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

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

The weighting between the two performance measures is split as follows:

- TSR – 50%; and
- EPS – 50%.

29. Security-based payments (continued)

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

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

	Consolidated Group 2015 Rights	Consolidated Group 2014 Rights	ALL Group 2015 Rights	ALL Group 2014 Rights
Performance rights issued to participating executives:				
Performance rights	2,348,012	3,147,473	2,348,012	3,147,473

Grant date	Expiry date	Exercise price	Valuation per right	Balance at beginning of the year	Granted	Exercised	Failed to vest	Cancelled	Balance at the end of the year
16 Dec 2010	19 Aug 2014	nil	52.3 cents	411,014	-	(411,014)	-	-	-
12 Sep 2011	31 Aug 2015	nil	43.7 cents	912,756	-	(456,377)	-	(15,270)	441,109
24 Aug 2012	31 Aug 2016	nil	60.9 cents	1,006,467	-	(335,488)	-	(23,802)	647,177
23 Aug 2013	31 Aug 2017	nil	76.3 cents	817,236	-	-	-	(29,605)	787,631
19 Aug 2014	31 Aug 2018	nil	153.9 cents	-	472,095	-	-	-	472,095
				3,147,473	**472,095**	**(1,202,879)**	**-**	**(68,677)**	**2,348,012**

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

The expense recorded in the Group financial statements in the year in relation to the performance rights was $1,761,441 (2014: $1,996,226). The expense recorded in the ALL Group financial statements in the year in relation to the performance rights was $2,595,805 (2014: $6,202,877).

30. Reserves

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Asset revaluation reserve				
Opening balance	6,225	2,620	3,416	3,416
Revaluation - Theme parks	7,541	6,866	-	-
Transfer to retained profits - realised items	(3,337)	(3,261)	-	-
Closing balance	**10,429**	**6,225**	**3,416**	**3,416**
Capital reserve				
Opening balance	(11,018)	(8,439)	-	-
Transfer from retained profits - pre-opening expenses	(4,677)	(2,579)	-	-
Transfer to retained profits	15,695	-	-	-
Closing balance	**-**	**(11,018)**	**-**	**-**
Cash flow hedge reserve				
Opening balance	(1,124)	(1,569)	(19)	-
Movement in effective cash flow hedges	(958)	434	(75)	(30)
Tax on movement on US cash flow hedges	24	11	24	11
Closing balance	**(2,058)**	**(1,124)**	**(70)**	**(19)**
Foreign currency translation reserve				
Opening balance	(38,768)	(39,159)	(2,624)	(1,682)
Translation of foreign operations	3,623	391	6,916	(942)
Closing balance	**(35,145)**	**(38,768)**	**4,292**	**(2,624)**
Stapled security-based payment reserve				
Opening balance	(96)	1,867	-	-
Option expense	(3,821)	(1,963)	-	-
Closing balance	**(3,917)**	**(96)**	**-**	**-**
Performance fee reserve				
Opening balance	1,132	1,132	-	-
Transfer to retained profits	(1,132)	-	-	-
Closing balance	**-**	**1,132**	**-**	**-**
Goodlife put and call option reserve				
Opening balance	(2,269)	(2,269)	(2,310)	(2,310)
Transfer to retained profits	2,269	-	2,310	-
Closing balance	**-**	**(2,269)**	**-**	**(2,310)**
Total reserves	**(30,691)**	**(45,918)**	**7,638**	**(1,537)**

30. Reserves (continued)

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

The capital reserve is used to record one off costs incurred in the identification of new acquisitions or development of new sites which are not able to be capitalised by the Group as well as the difference between the amount paid and the net assets acquired in the acquisition of non-controlling interests.

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity as described in Notes 1(p)(ii) and 14.

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

The stapled security-based payment reserve is used to recognise the fair value of performance rights issued to employees but not yet exercised under the Group's DSTI and LTIP.

The performance fee reserve was used to recognise the fair value of stapled securities not yet issued to the Manager in settlement for the performance fee earned in the relevant period. The performance fee of $1.1 million was earned in the period to 30 June 2009. On the internalisation of the Manager, the performance fee payment was waived by Macquarie Group Limited but under the accounting standards, the reserve is not reversed.

The Group had the option to acquire the non-controlling interests in Ardent Leisure Health Clubs 1 Pty Limited. In accordance with AASB 132 *Financial Instruments: Presentation*, on first recognition the Group recorded the potential obligation under the put option on the Balance Sheet as a financial liability calculated as the present value of the redemption amount on the first exercise date. Under the Group's economic equity approach, the initial recognition of the redemption amount was recorded in the Goodlife put and call option reserve. Movements in the financial liability due to changes in the expected redemption amount and unwinding of the present value discount were taken to the Income Statement as finance costs in subsequent periods. In a prior period, the Group acquired the remaining interest in Ardent Leisure Health Clubs 1 Pty Limited but due to the accounting standards, the reserve remained.

31. Retained profits/(accumulated losses)

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Opening balance	37,508	31,691	(1,655)	(2,837)
Profit for the year	32,122	49,002	6,862	5,056
Available for distribution	69,630	80,693	5,207	2,219
Transfer from asset revaluation reserve	3,337	3,261	-	-
Transfer (from)/to capital reserve	(11,018)	2,579	-	-
Transfer from performance fee reserve	1,132	-	-	-
Transfer from Goodlife put and call option reserve	(2,269)	-	(2,310)	-
Distributions and dividends paid and payable	(55,820)	(49,025)	(14,790)	(3,874)
Closing balance	**4,992**	**37,508**	**(11,893)**	**(1,655)**

The distribution of 5.5 cents per stapled security for the year ended 30 June 2015 totalling $24.3 million had not been declared at year end. This will be paid on or before 31 August 2015, as described in Note 44.

32. Business combinations

Current period

Fitness First Western Australia

On 4 September 2014, the Group acquired eight health clubs, for $32.0 million of which $2.3 million is payable in September 2015. Transaction costs totalling $1,856,774 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $17.4 million and a profit before allocation of Group costs and tax of $3.6 million to the Group for the period from 4 September 2014 to 30 June 2015. If the acquisition had occurred on 1 July 2014, it would have contributed revenues of $21.3 million and a profit before allocation of Group costs and tax of $4.5 million for the year ended 30 June 2015.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	31,958	29,768
Total purchase consideration	**31,958**	**29,768**
Fair value of net identifiable assets acquired	6,839	4,649
Goodwill	**25,119**	**25,119**

The goodwill is attributable to the health clubs' strong market position and profitable trading history and synergies expected to arise after the Group's acquisition. None of the goodwill is expected to be deductible for tax purposes.

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Cash and cash equivalents	6	6	6	6
Other current assets	465	465	465	465
Customer relationship intangible assets	-	6,100	-	6,100
Property, plant and equipment	5,426	4,744	1,367	718
Net deferred tax assets/(liabilities)	92	(1,738)	92	(1,738)
Deferred income	(53)	(53)	(53)	(53)
Payables	(541)	(541)	(541)	(541)
Property onerous lease contracts provision	-	(1,084)	-	-
Provision for property make good obligations	-	(752)	-	-
Employee benefits provision	(308)	(308)	(308)	(308)
Net identifiable assets acquired	**5,087**	**6,839**	**1,028**	**4,649**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration	31,958	29,768
Less: cash balances acquired	(6)	(6)
Less: deferred settlement	(2,297)	(2,297)
Outflow of cash	**29,655**	**27,465**

32. Business combinations (continued)

Current period (continued)

Hypoxi US and Canada

On 6 August 2014, the Group completed the acquisition of the exclusive US and Canadian distribution and master franchise rights for the Hypoxi targeted weight loss business for $0.8 million. Transaction costs totalling $39,509 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

During the year ended 30 June 2015, the Group has identified a location in Arizona for its first new studio with trading expected to commence in August 2015. As a result, it has not contributed materially to the Group result for the year ended 30 June 2015.

Final details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	815	815
Total purchase consideration	**815**	**815**
Fair value of net identifiable assets acquired	815	815
Goodwill	**-**	**-**

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Distribution agreement intangible assets	-	1,165	-	1,165
Net deferred tax liabilities	-	(350)	-	(350)
Net identifiable assets acquired	**-**	**815**	**-**	**815**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration	815	815
Outflow of cash	**815**	**815**

Playtime Highpoint Victoria

On 5 November 2014, the Group acquired Playtime Highpoint, an amusement game arcade in Victoria, for $2.5 million. Transaction costs totalling $1,090 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $1.4 million and a profit before allocation of Group costs and tax of $0.4 million to the Group for the period from 5 November 2014 to 30 June 2015. If the acquisition had occurred on 1 July 2014, it would have contributed revenues of $2.3 million and a profit before allocation of Group costs and tax of $0.7 million for the year ended 30 June 2015.

32. Business combinations (continued)

Current period (continued)

Playtime Highpoint Victoria (continued)

Final details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	2,463	2,538
Total purchase consideration	**2,463**	**2,538**
Fair value of net identifiable assets acquired	465	540
Goodwill	**1,998**	**1,998**

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Cash and cash equivalents	42	42	42	42
Other current assets	102	102	102	102
Property, plant and equipment	422	422	399	399
Net deferred tax assets	2	2	2	2
Provision for property make good obligations	-	(98)	-	-
Employee benefits provision	(5)	(5)	(5)	(5)
Net identifiable assets acquired	**563**	**465**	**540**	**540**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration	2,463	2,538
Less: cash balances acquired	(42)	(42)
Outflow of cash	**2,421**	**2,496**

Other business combinations

On 30 September 2014, the Group acquired a Hypoxi studio at Ballantyne, North Carolina for $233,000. Goodwill of $137,000 was recognised on acquisition, however has now been fully impaired due to the club closing.

On 31 October 2014, the Group acquired a Hypoxi studio at Randwick, Sydney for $198,000. Goodwill of $43,000 was recognised on acquisition.

Prior period

During the period, the Group finalised its prior year acquisitions of Camberwell and Port Melbourne health clubs, Hypoxi Australia Pty Limited, Hypoxi New Zealand and the City Amusements amusement game arcade. Purchase price and goodwill adjustments on finalisation were immaterial in nature.

33. Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes only cash at banks and on deposit. Cash as at 30 June 2015 as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Cash at bank	4,923	7,016	4,622	6,134
Cash on deposit	63	63	63	63
Total cash and cash equivalents	**4,986**	**7,079**	**4,685**	**6,197**

Cash on deposit at call in the Group bears an average floating interest rate of 1.89% per annum (2014: 2.44% per annum).

Cash on deposit at call in the ALL Group bears an average floating interest rate of 2.00% per annum (2014: 2.50% per annum).

34. Cash flow information

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Profit	32,122	49,002	6,862	5,056
Non-cash items				
Depreciation of property, plant and equipment	47,256	35,588	24,153	14,552
Amortisation	7,592	6,415	7,592	6,415
Depreciation of livestock	30	40	30	40
Impairment of goodwill	141	-	141	-
Security-based payments	1,396	1,996	2,231	6,203
Provision for doubtful debts	200	122	200	122
Onerous lease costs	2,598	-	1,465	-
Loss on sale of property, plant and equipment and livestock	919	74	772	81
Loss on closure of bowling centre	104	1,579	-	-
Impairment of property, plant and equipment	2,646	-	1,009	-
Valuation loss on investment properties and property, plant and equipment	501	(8,590)	-	-
Classified as financing activities				
Borrowing costs	11,333	11,330	11,731	8,766
Classified as investing activities				
Unrealised (gain)/loss on derivatives	(552)	613	-	-
Gain on sale of family entertainment centres	(7,355)	-	(7,355)	-
Changes in asset and liabilities:				
Decrease/(increase) in assets:				
Receivables	(3,345)	(13)	(4,633)	298
Inventories	(1,993)	404	(1,993)	404
Deferred tax assets	(2,265)	(1,818)	(2,265)	(1,818)
Other assets	(3,333)	(775)	(3,123)	(722)
Increase/(decrease) in liabilities:				
Payables and other liabilities	19,040	3,440	17,422	2,343
Provisions	(136)	(386)	764	(386)
Payable to the Trust	-	-	2,033	(1,860)
Current tax liabilities	363	(2,120)	358	(2,120)
Deferred tax liabilities	8,090	567	8,090	567
Net cash flows from operating activities	**115,352**	**97,468**	**65,484**	**37,941**

34. Cash flow information (continued)

(b) Non-cash financing and investing activities

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
The following items are not reflected in the Statements of Cash Flows:				
Distributions by the Group satisfied during the year by the issue of stapled securities under the DRP	16,779	8,918	3,658	1,504

35. Net tangible assets

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000
Net tangible assets are calculated as follows:		
Total assets	996,507	853,007
Less: intangible assets	(242,944)	(201,237)
Less: total liabilities	(417,025)	(347,505)
Net tangible assets	**336,538**	**304,265**
Total number of stapled securities on issue	442,322,106	405,055,708
Net tangible asset backing per stapled security	$0.76	$0.75

36. Related party disclosures

(a) Directors

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

Neil Balnaves AO (Chair);
Roger Davis;
David Haslingden (appointed 6 July 2015);
Anne Keating (retired 29 October 2014);
Don Morris AO;
Greg Shaw (retired 10 March 2015);
Deborah Thomas;
George Venardos; and
Melanie Willis (appointed 17 July 2015).

(b) Parent entity

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

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

36. Related party disclosures (continued)

(c) Key controlled entities

These financial statements incorporate the assets, liabilities and results of the following wholly-owned key subsidiaries in accordance with the accounting policy disclosure as described in Note 1(b):

Entity	Activity	Country of establishment	Class of equity securities
Controlled entities of Ardent Leisure Trust:			
Ardent Leisure Trust	Principal lessee: Marinas, bowling centres Freehold owner: Theme parks	Australia	Ordinary
Ardent Leisure (NZ) Trust	Principal lessee: Bowling centres	New Zealand	Ordinary
Goodlife Subtrust	Principal lessee: Health clubs	Australia	Ordinary
Controlled entities of Ardent Leisure Limited:			
Ardent Leisure Limited	Theme Parks, Marinas	Australia	Ordinary
Bowling Centres Australia Pty Limited	Bowling centres	Australia	Ordinary
Ardent Leisure Operations (NZ) Limited	Bowling centres	New Zealand	Ordinary
Main Event Holdings, Inc	Family entertainment centres	USA	Ordinary
Goodlife Operations Pty Limited	Health clubs	Australia	Ordinary
Hypoxi Australia Pty Limited	Targeted weight loss solutions	Australia	Ordinary
Hypoxi (US) LLC, Inc	Targeted weight loss solutions	USA	Ordinary

(d) Transactions with related parties

Key management personnel

	Consolidated Group 2015 $	Consolidated Group 2014 $	ALL Group 2015 $	ALL Group 2014 $
Short term employee benefits	4,587,929	4,154,999	4,587,929	4,154,999
Post employment benefits	168,555	162,233	168,555	162,233
Share-based payments	1,284,888	1,194,933	1,665,352	4,305,134
	6,041,372	**5,512,165**	**6,421,836**	**8,622,366**

Remuneration of key management personnel (KMP) is shown in the Directors' report from page 13 to page 31.

(e) Loans to KMP

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

(f) Other transactions with KMP

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

36. Related party disclosures (continued)

(g) Transactions with controlled entities

All transactions with controlled entities were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Outstanding balances are unsecured and are repayable in cash. The terms and conditions of the tax funding agreement are set out in Note 10(e). The transactions incurred in the year with controlled entities were:

	Consolidated Group 2015 $	Consolidated Group 2014 $	ALL Group 2015 $	ALL Group 2014 $
Purchases of goods				
Reimbursable expenses to related parties	(15,312)	(7,438)	(15,312)	(7,438)
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	(4,828,281)	(7,287,779)
Loans from Ardent Leisure Trust				
Balance at the beginning of the year	-	-	(125,365,392)	(113,598,779)
Loans advanced	-	-	(129,802,645)	(94,287,532)
Loan repayments made	-	-	134,550,710	88,095,545
Foreign exchange movements	-	-	(39,692)	594
Interest charged	-	-	(6,243,481)	(5,575,220)
Balance at the end of the year	**-**	**-**	**(126,900,500)**	**(125,365,392)**

37. Segment information

Business segments

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

Family entertainment centres

This segment comprises of 20 Main Event sites in Texas, Arizona, Georgia, Illinois and Oklahoma, United States of America.

Bowling centres

This segment comprises 49 bowling centres and four amusement arcades located in Australia and New Zealand.

Marinas

This segment comprises seven d'Albora Marina properties, located in New South Wales and Victoria.

Theme parks

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

Health clubs

This comprises 76 centres in Queensland, New South Wales, Victoria, South Australia and Western Australia, two independent Hypoxi studios in New South Wales, and one independent Hypoxi studio in Ballantyne, North Carolina.

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA before property costs and after property costs. In addition, depreciation and amortisation are analysed by division. Each of these income statement items is looked at after adjusting for pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous leases costs, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets. As shown in Note 11, these items are excluded from management's definition of core earnings.

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

37. Segment information (continued)

Business segment 2015
Consolidated Group

	Family entertainment centres $'000	Bowling centres $'000	Marinas $'000	Theme parks $'000	Health clubs $'000	Other $'000	Total $'000
Revenue from operating activities	**177,123**	**116,510**	**22,952**	**99,571**	**178,388**	**59**	**594,603**
Divisional EBITDA before property costs(1)	64,439	40,279	12,765	33,163	72,543	49	223,238
Divisional EBITDA(2)	45,657	13,989	10,150	32,015	28,152	49	130,012
Depreciation and amortisation(3)	(11,982)	(7,859)	(929)	(5,394)	(10,018)	(816)	(36,998)
Divisional EBIT(4)	**33,675**	**6,130**	**9,221**	**26,621**	**18,134**	**(767)**	**93,014**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, onerous lease costs, intangible asset amortisation and impairment of property, plant and equipment and intangible assets not included in divisional EBIT							(32,122)
Valuation loss - investment properties							(501)
Loss on closure of bowling centre							(104)
Loss on disposal of assets							(523)
Gain on sale and leaseback of family entertainment centres							6,959
Net gain from derivative financial instruments							552
Interest income							121
Corporate costs							(15,056)
Business acquisition costs							(1,938)
Borrowing costs							(11,333)
Net tax expense							(6,947)
Profit for the year							**32,122**
Total assets	217,949	140,870	109,862	264,552	250,427	12,847	996,507
Acquisitions of property, plant and equipment, investment properties and intangible assets	88,767	21,530	4,860	7,793	59,695	2,158	184,803

(1) Excludes pre-opening expenses of $6,521,000.
(2) Excludes straight lining of fixed rent increases of $2,336,000, pre-opening expenses of $6,521,000 and onerous lease costs of $2,598,000.
(3) Excludes IFRS depreciation of $11,102,000, amortisation of intangible assets totalling $6,778,000 and impairment of property, plant and equipment and intangible assets of $2,787,000.
(4) Excludes of pre-opening expenses of $6,521,000, straight lining of fixed rent increases of $2,336,000, onerous leases costs of $2,598,000, IFRS depreciation of $11,102,000, amortisation of intangible assets of $6,778,000 and impairment of property, plant and equipment and intangible assets of $2,787,000.

37. Segment information (continued)

Business segment 2014

Consolidated Group

	Family entertainment centres $'000	Bowling centres $'000	Marinas $'000	Theme parks $'000	Health clubs $'000	Other $'000	Total $'000
Revenue from operating activities	**98,121**	**113,889**	**23,466**	**100,139**	**164,070**	**18**	**499,703**
Divisional EBITDA before property costs(1)	36,896	38,907	12,944	33,867	70,249	(1)	192,862
Divisional EBITDA(2)	24,714	13,765	10,396	32,799	33,990	(1)	115,663
Depreciation and amortisation(3)	(6,626)	(7,274)	(858)	(4,982)	(6,902)	(506)	(27,148)
Divisional EBIT(4)	**18,088**	**6,491**	**9,538**	**27,817**	**27,088**	**(507)**	**88,515**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation and intangible asset amortisation not included in divisional EBIT							(19,020)
Valuation gains - property, plant and equipment							8,590
Loss on closure of bowling centre							(1,579)
Loss on disposal of assets							(453)
Gain on sale and leaseback of family entertainment centre							379
Net loss from derivative financial instruments							(613)
Interest income							211
Corporate costs							(12,545)
Business acquisition costs							(277)
Borrowing costs							(11,330)
Net tax expense							(2,876)
Profit for the year							**49,002**
Total assets	138,167	131,157	103,734	262,225	211,691	6,033	853,007
Acquisitions of property, plant and equipment, investment properties and intangible assets	56,871	7,598	2,725	8,516	24,174	1,809	101,693

(1) Excludes pre-opening expenses of $2,579,000.
(2) Excludes straight lining of fixed rent increases of $1,546,000 and pre-opening expenses of $2,579,000.
(3) Excludes IFRS depreciation of $8,562,000 and amortisation of intangible assets totalling $6,333,000.
(4) Excludes of pre-opening expenses of $2,579,000, straight lining of fixed rent increases of $1,546,000, IFRS depreciation of $8,562,000 and amortisation of intangible assets of $6,333,000.

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37. Segment information (continued)

Business segment 2015
ALL Group

	Family entertainment centres $'000	Bowling centres $'000	Marinas $'000	Theme parks $'000	Health clubs $'000	Other $'000	Total $'000
Revenue from operating activities	**177,123**	**116,510**	**22,952**	**99,571**	**178,388**	**59**	**594,603**
Divisional EBITDA before rent to Trust[1]	45,657	40,279	12,765	33,163	60,186	49	192,099
Divisional EBITDA after rent to Trust[1]	45,657	6,261	1,107	2,621	21,317	49	77,012
Depreciation and amortisation[2]	(11,982)	(1,054)	(75)	(1,113)	(9,959)	(814)	(24,997)
Divisional EBIT[3]	**33,675**	**5,207**	**1,032**	**1,508**	**11,358**	**(765)**	**52,015**
Pre-opening expenses, straight lining of fixed rent increases, onerous lease costs, intangible asset amortisation and impairment of property, plant and equipment and intangible assets not included in divisional EBIT							(17,220)
Loss on disposal of assets							(376)
Gain on sale and leaseback of family entertainment centres							6,959
Interest income							77
Foreign exchange gain							312
Corporate costs							(14,079)
Business acquisition costs							(1,938)
Borrowing costs							(11,731)
Net tax expense							(7,157)
Profit for the year							**6,862**
Total assets	217,842	39,383	3,429	16,963	207,054	14,394	499,065
Acquisitions of property, plant and equipment, investment properties and intangible assets	88,767	6,898	883	5,195	49,657	2,158	153,558

(1) Excludes pre-opening expenses of $6,521,000, straight lining of fixed rent of $1,306,000 and onerous lease costs of $1,465,000.
(2) Excludes amortisation of intangible assets of $6,778,000 and impairment of property, plant and equipment and intangible assets of $1,150,000.
(3) Excludes pre-opening expenses of $6,521,000, straight lining of fixed rent of $1,306,000, onerous lease costs of $1,465,000, amortisation of intangible assets of $6,778,000 and impairment of property, plant and equipment and intangible assets of $1,150,000.

37. Segment information (continued)

Business segment 2014

ALL Group

	Family entertainment centres $'000	Bowling centres $'000	Marinas $'000	Theme parks $'000	Health clubs $'000	Other $'000	Total $'000
Revenue from operating activities	**98,121**	**113,889**	**23,466**	**100,139**	**164,070**	**18**	**499,703**
Divisional EBITDA before rent to Trust[1]	24,714	38,712	12,944	33,867	58,545	(1)	168,781
Divisional EBITDA after rent to Trust[1]	24,714	5,192	956	2,854	22,520	-	56,236
Depreciation and amortisation[2]	(6,626)	(456)	(5)	(250)	(6,830)	(507)	(14,674)
Divisional EBIT[3]	**18,088**	**4,736**	**951**	**2,604**	**15,690**	**(507)**	**41,562**
Pre-opening expenses, straight lining of fixed rent increases and intangible asset amortisation not included in divisional EBIT							(9,791)
Loss on disposal of assets							(460)
Gain on sale and leaseback of family entertainment centre							379
Interest income							99
Corporate costs							(15,038)
Foreign exchange loss							(25)
Business acquisition costs							(277)
Borrowing costs							(8,766)
Net tax expense							(2,627)
Profit for the year							**5,056**
Total assets	138,365	33,183	1,753	14,834	172,903	5,365	366,403
Acquisitions of property, plant and equipment, investment properties and intangible assets	56,870	3,524	129	2,464	20,943	1,809	85,739

(1) Excludes pre-opening expenses of $2,579,000 and straight lining of fixed rent of $879,000.

(2) Excludes amortisation of intangible assets of $6,333,000.

(3) Excludes pre-opening expenses of $2,579,000, straight lining of fixed rent of $879,000 and amortisation of intangible assets of $6,333,000.

38. Capital and financial risk management

(a) Capital risk management

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

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

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

The Group has a target gearing ratio of 30% - 35% of debt to debt plus equity. At 30 June 2015, gearing was 32.6% (2014: 34.1%) and the Group has complied with the financial covenants of its borrowing facilities in the current and previous financial years.

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

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

(b) Financial risk management

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

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

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

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

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

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

(c) Market risk

Foreign exchange risk

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

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

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

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

38. Capital and financial risk management (continued)

(c) Market risk (continued)

Foreign exchange risk (continued)

Foreign investment

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

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

	Australian dollars		New Zealand dollars		US dollars	
Consolidated Group	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Cash and cash equivalents	3,010	4,231	324	998	1,652	1,850
Receivables and other current assets	29,676	15,506	353	46	4,675	10,179
Derivative financial instruments	377	-	-	-	-	-
Property held for sale	-	-	-	-	-	10,650
Investment properties	99,326	95,870	-	-	-	-
Property, plant and equipment	449,199	437,235	2,003	2,122	158,480	70,805
Intangible assets	186,732	155,710	3,426	3,596	52,786	41,931
Other non-current assets	4,862	103	16	18	(390)	2,157
Total assets	**773,182**	**708,655**	**6,122**	**6,780**	**217,203**	**137,572**
Liabilities						
Payables and other current liabilities	73,108	48,948	793	407	24,643	25,513
Derivative financial instruments	2,038	1,463	-	-	193	-
Interest bearing liabilities	143,746	162,569	-	-	134,872	97,703
Other non-current liabilities	14,731	10,902	-	-	22,901	-
Total liabilities	**233,623**	**223,882**	**793**	**407**	**182,609**	**123,216**
Net assets	**539,559**	**484,773**	**5,329**	**6,373**	**34,594**	**14,356**
Notional value of derivatives	-	-	-	-	2,441	4,477
Net exposure to foreign exchange movements	**539,559**	**484,773**	**5,329**	**6,373**	**37,035**	**18,833**

38. Capital and financial risk management (continued)

(c) Market risk (continued)

Foreign exchange risk (continued)

Foreign investment (continued)

ALL Group	Australian dollars 2015 $'000	Australian dollars 2014 $'000	New Zealand dollars 2015 $'000	New Zealand dollars 2014 $'000	US dollars 2015 $'000	US dollars 2014 $'000
Assets						
Cash and cash equivalents	2,866	4,146	275	373	1,544	1,678
Receivables and other current assets	28,834	12,255	152	144	4,362	10,179
Property held for sale	-	-	-	-	-	10,650
Property, plant and equipment	55,120	52,658	-	-	158,480	70,805
Intangible assets	186,732	155,710	3,426	3,596	52,786	41,931
Other non-current assets	4,862	103	16	18	(390)	2,157
Total assets	**278,414**	**224,872**	**3,869**	**4,131**	**216,782**	**137,400**
Liabilitiesh						
Payables and other current liabilities	58,464	40,247	426	347	24,618	25,496
Derivative financial instruments	-	-	-	-	129	-
Interest bearing liabilities	125,613	125,272	-	-	111,393	79,615
Other non-current liabilities	4,514	10,950	-	-	22,901	-
Total liabilities	**188,591**	**176,469**	**426**	**347**	**159,041**	**105,111**
Net assets	**89,823**	**48,403**	**3,443**	**3,784**	**57,741**	**32,289**
Net exposure to foreign exchange movements	**89,823**	**48,403**	**3,443**	**3,784**	**57,741**	**32,289**

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

Consolidated Group	Profit movement 2015 $'000	Profit movement 2014 $'000	Core earnings movement 2015 $'000	Core earnings movement 2014 $'000	Total equity movement 2015 $'000	Total equity movement 2014 $'000
AUD:USD - increase 10%	(3,367)	(1,712)	-	-	(3,367)	(1,712)
AUD:USD - decrease 10%	4,115	2,093	-	-	4,115	2,093
AUD:NZD - increase 10%	(484)	(579)	-	-	(484)	(579)
AUD:NZD - decrease 10%	593	708	-	-	593	708

ALL Group	Profit movement 2015 $'000	Profit movement 2014 $'000	Total equity movement 2015 $'000	Total equity movement 2014 $'000
AUD:USD - increase 10%	(5,249)	(2,935)	(5,249)	(2,935)
AUD:USD - decrease 10%	6,416	3,588	6,416	3,588
AUD:NZD - increase 10%	(312)	(344)	(312)	(344)
AUD:NZD - decrease 10%	384	420	384	420

38. Capital and financial risk management (continued)

(c) Market risk (continued)

Foreign exchange risk (continued)

Foreign income

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

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

Interest rate risk

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

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

The Group has exposures to interest rate risk on its net monetary liabilities, mitigated by the use of interest rate swaps, as shown in the table below. The table also demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit, core earnings or equity, while a positive amount reflects a potential net increase.

Consolidated Group	Australian interest		US interest	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fixed rates				
Interest bearing liabilities	-	(61)	-	-
	-	**(61)**	**-**	**-**
Floating rates				
Cash and cash equivalents	3,334	5,229	1,652	1,850
Interest bearing liabilities	(144,400)	(163,400)	(135,361)	(98,151)
	(141,066)	**(158,171)**	**(133,709)**	**(96,301)**
Interest rate swaps	70,000	100,000	61,198	31,813
Net interest rate exposure	**(71,066)**	**(58,171)**	**(72,511)**	**(64,488)**

Refer to Note 14 for further details on the interest rate swaps.

38. Capital and financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

ALL Group	Australian interest		US interest	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed rates				
Interest bearing liabilities	-	(61)	-	-
	-	**(61)**	**-**	**-**
Floating rates				
Cash and cash equivalents	3,141	4,519	1,544	1,678
Interest bearing liabilities	(125,613)	(125,211)	(111,835)	(80,005)
	(122,472)	**(120,692)**	**(110,291)**	**(78,327)**
Interest rate swaps	-	-	39,063	31,813
Net interest rate exposure	**(122,472)**	**(120,692)**	**(71,228)**	**(46,514)**

Interest rate sensitivity

Consolidated Group	Profit movement		Core earnings movement		Total equity movement	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
1% increase in AUD rate	(698)	(537)	(711)	(582)	1,296	593
1% decrease in AUD rate	698	537	711	582	(1,296)	(593)
1% increase in USD rate	(745)	(689)	(725)	(645)	429	(66)
1% decrease in USD rate	745	689	725	645	(429)	66

ALL Group	Profit movement		Total equity movement	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
1% increase in AUD rate	(1,225)	(1,207)	(1,225)	(1,207)
1% decrease in AUD rate	1,225	1,207	1,225	1,207
1% increase in USD rate	(712)	(509)	36	113
1% decrease in USD rate	712	509	(36)	(113)

At reporting date, the Group has fixed 46.9% (2014: 50.4%) of its floating interest exposure.

38. Capital and financial risk management (continued)

(d) Liquidity risk

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

The following tables provide the contractual maturity of the Group's and ALL Group's fixed and floating rate financial liabilities and derivatives as at 30 June 2015. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Balance Sheets. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated Group 2015	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	91,323	91,323	-	-	-	-	-	91,323
Term debt	279,761	7,826	196,279	85,936	-	-	-	290,041
Interest rate swaps designated as hedges of the term debt	2,231	1,440	1,472	769	-	-	-	3,681
Forward foreign exchange contracts	(377)	1,433	644	-	-	-	-	2,077
Total undiscounted financial liabilities	**372,938**	**102,022**	**198,395**	**86,705**	**-**	**-**	**-**	**387,122**

Consolidated Group 2014	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	69,065	69,065	-	-	-	-	-	69,065
Finance leases	61	61	-	-	-	-	-	61
Term debt	261,551	8,880	8,880	195,616	69,020	-	-	282,396
Interest rate swaps designated as hedges of the term debt	1,443	881	796	817	-	-	-	2,494
Forward foreign exchange contracts	20	4,597	-	-	-	-	-	4,597
Total undiscounted financial liabilities	**332,140**	**83,484**	**9,676**	**196,433**	**69,020**	**-**	**-**	**358,613**

ALL Group 2015	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	76,287	76,287	-	-	-	-	-	76,287
Term debt	110,547	1,762	69,650	41,536	-	-	-	112,948
Loan from the Trust	126,901	5,824	132,725	-	-	-	-	138,549
Interest rate swaps designated as hedges of the term debt	129	318	298	-	-	-	-	616
Total undiscounted financial liabilities	**313,864**	**84,191**	**202,673**	**41,536**	**-**	**-**	**-**	**328,400**

ALL Group 2014	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	60,287	60,287	-	-	-	-	-	60,287
Finance leases	61	61	-	-	-	-	-	61
Term debt	79,851	1,225	1,225	74,329	5,620	-	-	82,399
Loan from the Trust	125,365	6,547	6,547	6,547	6,547	126,477	-	152,665
Interest rate swaps designated as hedges of the term debt	48	270	270	254	-	-	-	794
Total undiscounted financial liabilities	**265,612**	**68,390**	**8,042**	**81,130**	**12,167**	**126,477**	**-**	**296,206**

38. Capital and financial risk management (continued)

(e) Credit risk

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

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

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

No credit risk has been allocated to cash and cash equivalents. Credit risk adjustments relating to receivables have been applied in line with the policy set out in Note 1(d). No fair value adjustment has been made to derivative financial assets, with the impact of credit risk being minimal. The Group's maximum exposure to credit risk is noted in the table below.

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Cash and cash equivalents	4,986	7,079	4,685	6,197
Receivables - Australasia	9,539	7,157	11,893	7,503
Receivables - US	1,317	259	1,317	259
	15,842	**14,495**	**17,895**	**13,959**

38. Capital and financial risk management (continued)

(e) Credit risk (continued)

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

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

	Past due but not impaired				Impaired	Total
	Less than 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	More than 90 days $'000	$'000	$'000
Consolidated Group						
2015						
Receivables - Australasia	555	262	97	222	679	1,815
Receivables - US	115	31	7	23	-	176
	670	**293**	**104**	**245**	**679**	**1,991**
Consolidated Group						
2014						
Receivables - Australasia	1,771	407	124	52	804	3,158
Receivables - US	1	-	-	37	-	38
	1,772	**407**	**124**	**89**	**804**	**3,196**
ALL Group						
2015						
Receivables - Australasia	555	262	97	222	679	1,815
Receivables - US	115	31	7	23	-	176
	670	**293**	**104**	**245**	**679**	**1,991**
ALL Group						
2014						
Receivables - Australasia	1,771	407	124	52	804	3,158
Receivables - US	1	-	-	37	-	38
	1,772	**407**	**124**	**89**	**804**	**3,196**

Based on a review of receivables by management, a provision of $459,000 (2014: $522,000) has been made against receivables with a gross balance of $679,000 (2014: $804,000).

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

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

39. Fair value measurement

(a) Fair value hierarchy

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

- Derivative financial instruments;
- Land and buildings; and
- Investment properties.

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

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

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

Consolidated Group 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investment properties	-	-	99,326	99,326
Property, plant and equipment[1]	-	-	395,779	395,779
Derivative financial instruments	-	377	-	377
Liabilities measured at fair value:				
Derivative financial instruments	-	2,231	-	2,231
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 39(c))	-	279,761	-	279,761

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investment properties	-	-	95,870	95,870
Property, plant and equipment[1]	-	-	346,626	346,626
Property held for sale	-	-	10,650	10,650
Liabilities measured at fair value:				
Derivative financial instruments	-	1,463	-	1,463
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 39(c))	-	261,612	-	261,612

[1] Land and buildings and major rides and attractions.

There has been no transfer between level 1 and level 2 during the year. For changes in level 3 items for the periods ended 30 June 2015 and 30 June 2014, refer to Notes 16, 18 and 19.

39. Fair value measurement (continued)

(a) Fair value hierarchy (continued)

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

ALL Group 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Property, plant and equipment[(1)]	-	-	86,833	86,833
Liabilities measured at fair value:				
Derivative financial instruments	-	129	-	129
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 39(c))	-	237,448	-	237,448

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Property, plant and equipment[(1)]	-	-	50,437	50,437
Liabilities measured at fair value:				
Derivative financial instruments	-	48	-	48
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 39(c))	-	205,277	-	205,277

[(1)] Land and buildings and major rides and attractions.

There has been no transfer between level 1 and level 2 during the year. For changes in level 3 items for the periods ended 30 June 2015 and 30 June 2014, refer to Note 19.

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

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2015.

(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 (eg, 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. This is the case for unlisted equity securities.

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. There are no level 3 financial instruments in either the Group or the ALL Group.

39. Fair value measurement (continued)

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

The fair value of investment properties is determined in line with the policy set out in Note 1(f), with all resulting fair value estimates included in level 3. The current use is considered to be the highest and best use for all investment properties in the Group.

Fair value measurements using significant unobservable inputs

For changes in level 3 items for the periods ended 30 June 2015 and 2014 refer to the investment properties and property, plant and equipment Notes 18 and 19.

Valuation inputs and relationships to fair value

The significant unobservable inputs associated with the valuation of the Group's investment properties are as follows:

	Capitalisation rate (%)	Discount rate (%)	Annual net property income ($'000)
Marinas	8.6 – 13.7	10.8 - 11.7	330 – 2,311

The fair value of land and buildings and major rides and attractions is determined in line with the policy set out in Note 1(g), with all resulting fair value estimates included in level 3.

	Capitalisation rate (%)	Discount rate (%)	Annual net property income ($'000)
Dreamworld and WhiteWater World	9.4	15.0	29,388
SkyPoint	14.7	16.3	4,190

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

	Capitalisation rate (%)	Discount rate (%)	Annual net property income ($'000)
Fair value measurement sensitivity to significant increase in input	Decrease	Decrease	Increase
Fair value measurement sensitivity to significant decrease in input	Increase	Increase	Decrease

When calculating the income capitalisation approach, the net market rent 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.

39. Fair value measurement (continued)

(c) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the Balance Sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to the current market rates or the instruments are short term in nature. Significant differences were identified for the following instruments at 30 June 2015:

	Carrying amount 2015 $'000	Fair value 2015 $'000	Discount rate 2015 %	Carrying amount 2014 $'000	Fair value 2014 $'000	Discount rate 2014 %
Consolidated Group						
Interest bearing liabilities	279,761	279,796	2.80	261,612	254,831	4.75
ALL Group						
Interest bearing liabilities	237,448	240,010	2.80	205,277	198,610	4.75

In determining the fair value of the interest bearing liabilities, the Group's principal payable of $279.8 million (2014: $261.6 million) has been discounted at a rate of 2.80% (2014: 4.75%) to best reflect the price that market participants would use when transferring the non-current borrowings, assuming that market participants act in their economic best interest. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Own credit risk has been included for the first time in the current financial year following the adoption of AASB 13 *Fair Value Measurement*.

40. Contingent liabilities

Unless otherwise disclosed in the financial statements, there are no material contingent liabilities.

41. Capital and lease commitments

(a) Capital commitments

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Property, plant and equipment				
Payable:				
Within one year	3,331	1,204	3,331	1,204
	3,331	**1,204**	**3,331**	**1,204**

41. Capital and lease commitments (continued)

(b) Lease commitments

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Within one year	83,368	67,885	33,798	25,418
Later than one year but not later than five years	272,461	228,243	124,577	94,226
Later than five years	259,110	197,222	188,130	128,633
	614,939	**493,350**	**346,505**	**248,277**
Representing:				
Cancellable operating leases	415	451	415	451
Non-cancellable operating leases	614,524	492,837	346,090	247,764
Finance leases	-	62	-	62
	614,939	**493,350**	**346,505**	**248,277**

Operating leases

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

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

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Within one year	82,956	67,601	33,386	25,134
Later than one year but not later than five years	272,457	228,014	124,573	93,996
Later than five years	259,111	197,222	188,131	128,634
	614,524	**492,837**	**346,090**	**247,764**

Finance leases

Commitments in relation to finance leases are payable as follows:

Within one year	-	62	-	62
Later than one year but not later than five years	-	-	-	-
Minimum lease payments	-	62	-	62
Less: future finance charges	-	(1)	-	(1)
Total lease liabilities	**-**	**61**	**-**	**61**
Representing lease liabilities:				
Current	-	61	-	61
Non-current	-	-	-	-
	-	**61**	**-**	**61**

In the prior financial year, the Group had an asset under a finance lease with a carrying value of $492,000. The finance lease now expired and the Group now owns this asset. Refer to Note 19.

42. Deed of Cross Guarantee

In 2006, ALL, Bowling Centres Australia Pty Limited, Bowl Australia Holdings Pty Limited, Tidebelt Pty Limited and Bowling Centres Australia Catering Services Pty Limited entered into a Deed of Cross Guarantee under which each company guarantees the debts of the others. In 2010, Ardent Leisure Health Clubs 1 Pty Limited, Ardent Leisure Health Clubs 2 Pty Limited, Goodlife Health Clubs Holdings Pty Limited, Goodlife Operations Pty Limited, Ardent Boat Share Pty Limited and Ardent Boat Share Finance Limited executed an Assumption Deed and became parties to the Deed of Cross Guarantee. On 9 October 2012, Fenix Holdings Pty Limited and its controlled entities executed an Assumption Deed and became parties to the Deed of Cross Guarantee. On 28 April 2014, Hypoxi Australia Pty Ltd executed an Assumption Deed and became a party to the Deed of Cross Guarantee. On 25 November 2014, Hypoxi North America Pty Limited executed an Assumption Deed and became a party to the Deed of Cross Guarantee.

On 1 July 2012, a Revocation Deed was executed whereby Ardent Boat Share Pty Limited, Ardent Boat Share Finance Limited, Bowl Australia Holdings Pty Limited, Bowling Centres Australia Catering Services Pty Limited and Tidebelt Pty Limited were released from the Deed of Cross Guarantee.

By entering into the deeds, Bowling Centres Australia Pty Limited, Goodlife Operations Pty Limited, Ardent Leisure Health Clubs 1 Pty Limited, Fenix Holdings Pty Limited and Hypoxi Australia Pty Ltd have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated Income Statement

ALL, Bowling Centres Australia Pty Limited, Ardent Leisure Health Clubs 1 Pty Limited, Ardent Leisure Health Clubs 2 Pty Limited, Goodlife Health Clubs Holdings Pty Limited, Goodlife Operations Pty Limited, Hypoxi Australia Pty Ltd and Hypoxi North America Pty Limited represent a 'Closed Group' for the purposes of the Class Order.

Set out below is a consolidated Income Statement for the year ended 30 June 2015 of the Closed Group:

	2015 $'000	2014 $'000
Revenue from operating activities	415,742	404,224
Purchases of finished goods	(32,578)	(32,140)
Salary and employee benefits	(165,036)	(156,564)
Borrowing costs	(8,356)	(11,015)
Property expenses	(129,430)	(124,956)
Depreciation and amortisation	(18,956)	(14,400)
Advertising and promotions	(15,499)	(15,734)
Repairs and maintenance	(19,249)	(17,737)
Impairment of property, plant and equipment	(1,822)	-
Business acquisition costs	(1,938)	(277)
Pre-opening expenses	(916)	(407)
Other expenses	(38,133)	(36,776)
Loss before tax benefit	**(16,171)**	**(5,782)**
Income tax benefit	4,005	3,008
Loss for the year	**(12,166)**	**(2,774)**

(b) Consolidated Statement of Comprehensive Income

Set out below is a consolidated Statement of Comprehensive Income for the year ended 30 June 2015 of the Closed Group:

	2015 $'000	2014 $'000
Loss for the year	(12,166)	(2,774)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(12,166)**	**(2,774)**

42. Deed of Cross Guarantee (continued)

(c) Consolidated Balance Sheet

Set out below is a consolidated Balance Sheet as at 30 June 2015 of the Closed Group:

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	2,844	4,128
Receivables	11,219	7,035
Inventories	8,766	7,566
Current tax receivables	8,279	1,549
Other	2,084	4,963
Total current assets	**33,192**	**25,241**
Non-current assets		
Property, plant and equipment	55,168	46,245
Livestock	245	300
Intangible assets	169,149	135,520
Deferred tax assets	4,298	2,105
Investment in controlled entities	49,804	49,730
Total non-current assets	**278,664**	**233,900**
Total assets	**311,856**	**259,141**
Current liabilities		
Payables	52,651	47,432
Interest bearing liabilities	-	61
Provisions	3,237	3,272
Other	1,222	1,296
Total current liabilities	**57,110**	**52,061**
Non-current liabilities		
Payables	127,231	196,081
Provisions	4,514	1,625
Total non-current liabilities	**131,745**	**197,706**
Total liabilities	**188,855**	**249,767**
Net assets	**123,001**	**9,374**
Equity		
Contributed equity	155,262	16,309
Reserves	-	(2,310)
Accumulated losses	(32,261)	(4,625)
Total equity	**123,001**	**9,374**

42. Deed of Cross Guarantee (continued)

(d) Consolidated Statement of Changes in Equity

Set out below is a consolidated Statement of Changes in Equity for the year ended 30 June 2015 of the Closed Group:

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Total equity at 30 June 2013	14,202	(2,310)	(1,851)	10,041
Total comprehensive income	-	-	(2,774)	(2,774)
Contributions of equity, net of issue costs	2,107	-	-	2,107
Total equity at 30 June 2014	16,309	(2,310)	(4,625)	9,374
Total comprehensive income	-	-	(12,166)	(12,166)
Reserve transfers	-	2,310	(2,310)	-
Dividends paid and payable	-	-	(13,160)	(13,160)
Contributions of equity, net of issue costs	138,953	-	-	138,953
Total equity at 30 June 2015	**155,262**	**-**	**(32,261)**	**123,001**

43. Parent entity financial information

(a) Summary financial information

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Balance sheet				
Current assets	10,447	11,129	15,152	7,616
Total assets	606,122	666,435	223,167	181,702
Current liabilities	21,117	17,854	27,360	18,862
Total liabilities	195,965	199,559	67,538	164,353
Equity				
Contributed equity	449,919	497,603	155,262	16,309
Reserves	(4,921)	(2,907)	-	(2,310)
(Accumulated losses)/retained profits	(34,841)	(27,820)	367	3,350
	410,157	**466,876**	**155,629**	**17,349**
Profit for the year	**34,507**	**45,710**	**12,487**	**23,528**
Total comprehensive income for the year	**33,624**	**46,174**	**12,487**	**23,528**

(b) Guarantees

In June 2013, Ardent Leisure Trust and Ardent Leisure Limited entered into an agreement to guarantee the obligations of Ardent Leisure US Holding Inc. (a wholly-owned subsidiary of Ardent Leisure Limited) under the terms of the Group's extended syndicated facility arrangements as disclosed in Note 24.

Excluding the above and the deed of cross guarantee (refer to Note 42), there are no other material guarantees entered into by Ardent Leisure Limited and Ardent Leisure Trust in relation to the debts of their subsidiaries.

43. Parent entity financial information (continued)

(c) Contingent liabilities

Ardent Leisure Trust and Ardent Leisure Limited did not have any contingent liabilities at 30 June 2015 or 30 June 2014.

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

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

	Consolidated Group 2015 $'000	Consolidated Group 2014 $'000	ALL Group 2015 $'000	ALL Group 2014 $'000
Property, plant and equipment				
Payable:				
Within one year	-	-	2,943	1,167
	-	**-**	**2,943**	**1,167**

Commitments with respect to the above property, plant and equipment have been incurred by ALL on behalf of the Trust for the Australian and New Zealand geographic segments totalling $2,943,000 (2014: $1,167,000). Any commitments relating to the Australian and New Zealand geographic segments will therefore be subsequently reimbursed by the Trust the month following payment.

44. Events occurring after reporting date

Subsequent to year end, a distribution of 5.5 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $24.3 million will be paid on or before 31 August 2015 in respect of the half year ended 30 June 2015.

Effective 11 August 2015, the Group completed refinancing of its syndicated loan facilities. This has resulted in an increase in the available USD facilities to US$280.0 million (30 June 2015: US$160.0 million) and an extended tenure maturing in equal tranches of three, four and five years respectively. Australian dollar facilities remain at $200.0 million (30 June 2015: $200.0 million) however have been similarly extended to mature in equal tranches of three, four and five years respectively.

Since the end of the financial year, the Directors of the Manager and ALL are not aware of any other matters or circumstances not otherwise dealt with in financial report or the Directors' report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2015.

Directors' declaration to stapled security holders

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

(a) The financial statements and notes of Ardent Leisure Trust and its controlled entities, including Ardent Leisure Limited and its controlled entities (Ardent Leisure Group) and Ardent Leisure Limited and its controlled entities (ALL Group) set out on pages 36 to 115 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Ardent Leisure Group's and ALL Group's financial position as at 30 June 2015 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the financial year ended on that date;

(b) There are reasonable grounds to believe that both the Ardent Leisure Group and ALL Group will be able to pay their debts as and when they become due and payable;

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

(d) At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 42 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee as described in Note 42.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Neil Balnaves

Deborah Thomas

Neil Balnaves AO
Chairman

Deborah Thomas
Managing Director

Sydney
18 August 2015

Independent auditor's report to the stapled security holders of Ardent Leisure Group and Ardent Leisure Limited Group

Report on the financial report

We have audited the accompanying financial report which comprises:

- The balance sheet as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ardent Leisure Group (the consolidated stapled entity). The consolidated stapled entity, as described in Note 1 to the financial report, comprises Ardent Leisure Trust (the trust) and the entities it controlled at year's end or from time to time during the financial year.

- The balance sheet as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ardent Leisure Limited Group (the ALL Group). The ALL Group, comprises Ardent Leisure Limited (the company or ALL) and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Ardent Leisure Limited and the Ardent Leisure Management Limited, the responsible entity of the Ardent Leisure Trust, (collectively referred to as the "directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ardent Leisure Group and Ardent Leisure Limited Group is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated stapled entity's and consolidated ALL Group entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 31 of the directors' report for the year ended 30 June 2015. The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ardent Leisure Group and Ardent Leisure Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers.

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
18 August 2015