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**ASX RELEASE**

18 February 2010

The Manager
Company Notices Section
ASX Limited
20 Bridge Street
SYDNEY
NSW 2000

Dear Sir/Madam

**Ardent Leisure Group – Half Year Financial Results**

Please find attached for release to the market the Appendix 4D and Half Year Financial Statements for the period ended 31 December 2009.

Yours faithfully

Alan Shedden
Company Secretary

For further information please contact:

Greg Shaw
Chief Executive Officer
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Richard Johnson
Chief Financial Officer
Phone: +61 (0)2 9409 3672
Mobile: +61 (0)407 880 181

Ardent Leisure Group is a specialist operator of leisure and entertainment assets across Australia, New Zealand and the United States. The Group operates Dreamworld, WhiteWater World, d'Albora Marinas, AMF and Kingpin bowling centres and Goodlife fitness centres across Australia and New Zealand. The Group also operates the Main Event family entertainment centres in the United States. For further information on the Group's activities please visit our website at www.ardentleisure.com.au

# APPENDIX 4D

**Half Year Report**
**for the period ended 31 December 2009**

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

## Results for announcement to the market

| | 6 months to 31 December 2009 | 6 months to 31 December 2008 | Variance |
|---|---|---|---|
| | $'000 | $'000 | % |
| Revenue from ordinary activities | 178,842 | 187,636 | (4.7) |
| Profit (loss) from ordinary activities after tax attributable to members | 9,715 | 500 | 1,843 |
| Net Profit (loss) for the period attributable to members | 9,715 | 500 | 1,843 |
| Core Earnings | 23,164 | 28,231 | (17.9) |

| **Distributions** | **Amount per stapled security** |
|---|---|
| *Current Period:*<br>Interim distribution | 6.5¢ |
| *Previous Corresponding Period:*<br>Interim distribution | 6.5¢ |
| Record date for determining entitlements to the distribution | 31 December 2009 |

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

Revenue from operating activities has decreased by $8.8 million, 4.7%, mainly due to the following factors:

- Revenue from Main Event has declined $4.7 million, 16.5%. US$ revenue decreased by US$ 1.0 million to US$ 21.0 million due to the adverse US economic environment. The balance is due to movements in USD:AUD foreign exchange rates compared to the prior period;
- Revenue from the Theme Parks division has decreased by $2.7 million, 4.7%, attributable to a decline in per capita spend;
- Revenue from the Bowling division has declined by $1.9 million, 3.2%, which is attributable to a decline in the number of games in constant centres; and
- Revenue from the Health club division increased by $1.0 million, 3.0%, driven by recently opened clubs reaching maturity.

Profit attributable to stapled security holders for the period increased by $9.2 million, 1,843%, mainly due to the following factors:

- Due to revenue factors outlined above, Divisional EBIT declined by $4.3 million, 10.7%;
- Devaluations on investments properties of $1.3 million were recorded at 31 December 2009 compared to $8.7 million in the prior period;
- Movements in USD:AUD foreign exchange rates and USD and AUD interest rates led to a $1.7 million unrealised gain on derivatives at 31 December 2009 compared to a loss of $12.2 million in the prior period;
- $8.5 million impairment of goodwill was recorded in the current period compared to nil in the prior period. This relates to an impairment in the intangible asset recognised on acquisition of Ardent Leisure Management Limited;
- In the prior period, a loss before tax of $3 million was recorded on the write off of costs on aborted development projects primarily in the United States;
- A gain of $1.3 million was recorded in the current period due to the sale and leaseback of a number of AMF freehold properties;
- A change in the accounting standards on 1 July 2009 requires acquisition costs to be expensed rather than capitalised as part of goodwill. The Group incurred $2.1 million of acquisition costs associated with the internalisation of the Manager and the acquisition of QDeck during the period;
- Borrowing costs decreased by $0.7 million to $8.3 million. A decrease in borrowings during the period was partially offset by an increase in interest rates; and
- Ardent Leisure Limited (ALL) and its controlled entities are the main taxpayers in the stapled group. The factors above increased ALL's taxable income resulting in a tax expense of $0.3 million in the current period compared to a tax benefit of $2.4 million in the prior period.

Core earnings, as defined in Note 7 to the financial statements, which represented the earnings of the Group after adding back unrealised items such as the performance fee, unrealised gains or losses on derivatives, unrealised property valuation gains and losses and one off capital items, have decreased by $5.1 million, 17.9% to $23.2 million.

On 2 July 2009, the Group raised $41.7 million of equity at stapled security price of $1.15 via an institutional placement and on 10 August 2009, the Group raised a further $25.0 million of equity at $1.15 via a security purchase plan to retail investors. The proceeds of these capital raisings and the net proceeds of $26.1 million from the sale of AMF freehold properties have been used to reduce net debt by $59.4 million and fund the internalisation of the Manager, the acquisition of QDeck and some new bowling developments.

On 27 August 2009, the stapled security holders voted to internalise the management of the Trust. As a result of this successful vote, ALL acquired all of the shares in Ardent Leisure Management Limited, the Manager of the Trust from Macquarie Group Limited on 1 September 2009 for $17 million and the Group was renamed from Macquarie Leisure Trust Group to Ardent Leisure Group.

On 18 December 2009, the Group acquired QDeck, an observation deck in Surfers Paradise, Queensland, for $13.3 million.

Refer to the attached Income Statement, Balance Sheet and Cash Flow Statement for further detail.

### Details of Distribution

Refer attached financial statements (Directors Report and Note 8: Distributions Paid and Payable).

### Details of Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) was in operation for all distributions during the half year. Of the distribution paid during the half year, $6.1 million was reinvested in the Group.

The last date for receipt of an election notice for participation in the DRP was 31 December 2009.

The DRP price per unit includes a discount of 2.0% to the volume weighted average market price of units traded on the ASX during the 10 business days from and including the ex-distribution date.

### Net Tangible Assets

| | **Current period**<br><br>**31 December 2009** | **Previous corresponding Period**<br>**30 June 2009** |
|---|---|---|
| *Net tangible asset backing per stapled security | $1.10 | $1.18 |
| Net tangible asset backing per stapled security after distribution | $1.04 | $1.10 |

* 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).

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

| | |
|---|---|
| Name of entity (or group of entities) over which control was gained | Ardent Leisure Management Limited |
| Date control was gained | 1 September 2009 |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired | Nil – profits will eliminate on consolidation. |
| Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period | $N/A |

| | |
|---|---|
| Name of entity (or group of entities) over which control was lost | N/A |
| 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

## Accounting standards used by foreign entities

N/A

## Qualification of audit/review

Not applicable as there is no audit dispute or qualification. Refer attached half year financial report for review report.

# Ardent Leisure Group (formerly known as Macquarie Leisure Trust Group)
# Half Year Financial Statements
# for the period ended 31 December 2009

**ARDENT LEISURE GROUP**
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**ARDENT LEISURE GROUP**
**DIRECTORS' REPORT TO STAPLED SECURITY HOLDERS**

The Directors of Ardent Leisure Management Limited (formerly known as Macquarie Leisure Management Limited) (Manager), (as Responsible Entity of Ardent Leisure Trust) and the Directors of Ardent Leisure Limited present their report for Ardent Leisure Group (Group) (formerly known as Macquarie Leisure Trust Group) for the half year ended 31 December 2009 (period). The Group comprises:

- Ardent Leisure Trust (Trust) (formerly known as Macquarie Leisure Trust) as the parent entity and its controlled entities; and
- Ardent Leisure Limited (ALL) (formerly known as Macquarie Leisure Operations Limited) and its controlled entities.

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 under Australian Accounting Standards.

## 1. Directors

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

Neil Balnaves, AO (Chairman)
George Bennett
Anne Keating
Simon Jones (resigned 1 September 2009)
John Wright (resigned 1 September 2009)
Roger Davis (appointed 1 September 2009)
Greg Shaw (appointed 22 September 2009)
George Venardos (appointed 22 September 2009).

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

Neil Balnaves, AO (Chairman)
Anne Keating
John Wright (resigned 1 September 2009)
Roger Davis
George Bennett (appointed 1 September 2009)
Greg Shaw (appointed 22 September 2009)
George Venardos (appointed 22 September 2009).

## 2. Principal activities

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

## 3. Distributions

The distribution of income for the period was 6.5 cents per stapled security which will be paid by the Trust on or before 26 February 2010. A provision has not been recognised in the financial statements at 31 December 2009 as the distribution had not been declared at the reporting date.

## 4. Review of operations and significant changes in the state of affairs

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

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---:|---:|
| Total income | 182,121 | 188,100 |
| Profit attributable to stapled security holders | 9,715 | 500 |
| Core earnings | 23,164 | 28,231 |

**4. Review of operations and significant changes in the state of affairs (continued)**

Revenue from operating activities has decreased by $8.8 million, 4.7%, mainly due to the following factors:

- Revenue from Main Event has declined $4.7 million, 16.5%. US$ revenue decreased by US$ 1.0 million to US$ 21.0 million due to the adverse US economic environment. The balance is due to movements in USD:AUD foreign exchange rates compared to the prior period;
- Revenue from the Theme parks division has decreased by $2.7 million, 4.7%, attributable to a decline per capita spend;
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- Revenue from the Health club division increased by $1.0 million, 3.0%, driven by recently opened clubs reaching maturity.

Profit attributable to stapled security holders for the period increased by $9.2 million, 1,843%, mainly due to the following factors:

- Due to revenue factors outlined above, Divisional EBIT declined by $4.3 million, 10.7%;
- Devaluations on investments properties of $1.3 million were recorded at 31 December 2009 compared to $8.7 million in the prior period;
- Movements in USD:AUD foreign exchange rates and USD and AUD interest rates led to a $1.7 million unrealised gain on derivatives at 31 December 2009 compared to a loss of $12.2 million in the prior period;
- $8.5 million impairment of goodwill was recorded in the current period compared to nil in the prior period. This relates to an impairment in the intangible asset recognised on acquisition of Ardent Leisure Management Limited (see Note 12);
- In the prior period, a loss before tax of $3 million was recorded on the write off of costs on aborted development projects primarily in the United States;
- A gain of $1.3 million was recorded in the current period due to the sale and leaseback of a number of AMF freehold properties;
- A change in the accounting standards on 1 July 2009 requires acquisition costs to be expensed rather than capitalised as part of goodwill. The Group incurred $2.1 million of acquisition costs associated with the internalisation of the Manager and the acquisition of QDeck during the period;
- Borrowing costs decreased by $0.7 million to $8.3 million. A decrease in borrowings during the period was partially offset by an increase in interest rates; and
- ALL and its controlled entities are the main taxpayers in the stapled group. The factors above increased ALL's taxable income resulting in a tax expense of $0.3 million in the current period compared to a tax benefit of $2.4 million in the prior period.

Core earnings, as defined in Note 7 to the financial statements, which represented the earnings of the Group after adding back unrealised items such as the performance fee, unrealised gains or losses on derivatives, unrealised property valuation gains and losses and one off capital items, have decreased by $5.1 million, 17.9% to $23.2 million.

On 2 July 2009, the Group raised $41.7 million of equity at stapled security price of $1.15 via an institutional placement and on 10 August 2009, the Group raised a further $25.0 million of equity at $1.15 via a security purchase plan to retail investors. The proceeds of these capital raisings and the net proceeds of $26.1 million from the sale of AMF freehold properties have been used to reduce net debt by $59.4 million and fund the internalisation of the Manager, the acquisition of QDeck and some new bowling developments.

On 27 August 2009, the stapled security holders voted to internalise the management of the Trust. As a result of this successful vote, ALL acquired all of the shares in Ardent Leisure Management Limited, the Manager of the Trust from Macquarie Group Limited on 1 September 2009 for $17 million and the Group was renamed from Macquarie Leisure Trust Group to Ardent Leisure Group.

On 18 December 2009, the Group acquired QDeck, an observation deck in Surfers Paradise, Queensland, for $13.3 million.

**5. Value of assets**

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| Value of Group assets | 741,078 | 745,092 |

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

The current volatility in the global real estate markets and a significant reduction in the number of real estate transactions meant there is less certainty with regards to investment property valuations and the assumptions applied to valuation inputs. Further details are provided in Note 1(c).

## 6. Interests in the Group

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

| | Consolidated December 2009 | Consolidated June 2009 |
|---|---|---|
| Stapled securities on issue at the beginning of the period | 241,064,789 | 230,827,761 |
| Stapled securities issued | 62,391,457 | 9,798,411 |
| Stapled securities sold as part of ALL's executive securities plan | - | 438,617 |
| Stapled securities on issue at the end of the period | 303,456,246 | 241,064,789 |

## 7. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

## 8. Events occurring after reporting date

Subsequent to the end of the period, a distribution of 6.5 cents per stapled security has been declared by the Boards of Directors. The total distribution amount of $19.7 million will be paid on or before 26 February 2010 in respect of the half year ended 31 December 2009.

On 18 January 2010, the Group agreed to acquire seven health clubs in Western Australia from Zest Health Clubs Limited for approximately $4.2 million. Consideration will be $1 million in cash with the rest payable in stapled securities of the Group. Completion of the acquisition will occur when the leases are assigned to the Group which is expected to occur by the end of February 2010.

Since the end of the period, the Directors of the Manager and ALL are not aware of any matter or circumstance not otherwise dealt with in this Directors' report or the financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 31 December 2009.

## 9. 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 & Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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

Neil Balnaves, AO
Chairman

Sydney
17 February 2010

PRICEWATERHOUSECOOPERS

**PricewaterhouseCoopers**
**ABN 52 780 433 757**

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## Auditor's Independence Declaration

As lead auditor for the review of Ardent Leisure Group for the half year ended 31 December 2009, 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 review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
17 February 2010

**ARDENT LEISURE GROUP**
**INCOME STATEMENT**
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

| | Note | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operating activities | 3 | 178,842 | 187,636 |
| Net gain on derivative financial instruments | | 1,900 | - |
| Interest income | | 224 | 464 |
| Gain on sale of assets | | 1,155 | - |
| **Total income** | | **182,121** | **188,100** |
| **Expenses** | | | |
| Purchases of finished goods | | 19,370 | 21,295 |
| Salary and employee benefits | | 62,817 | 66,235 |
| Borrowing costs | | 8,290 | 8,993 |
| Property expenses | | 22,995 | 20,588 |
| Depreciation and amortisation | | 13,711 | 13,728 |
| Loss on sale of assets | | - | 3,511 |
| Management base fee | 4 | 427 | 1,710 |
| Advertising and promotions | | 8,296 | 9,133 |
| Repairs and maintenance | | 8,279 | 8,647 |
| Pre-opening expenses | | 45 | 704 |
| Business acquisition costs | | 2,058 | - |
| Property valuation losses - investment properties | | 1,259 | 8,715 |
| Impairment of goodwill | 12 | 8,514 | - |
| Net loss on derivative financial instruments | | - | 10,374 |
| Other expenses | 5 | 16,555 | 16,859 |
| **Total expenses** | | **172,616** | **190,492** |
| **Profit/(loss) before tax expense** | | **9,505** | **(2,392)** |
| US withholding tax expense | | 152 | 294 |
| Income tax expense/(benefit) | | 317 | (2,406) |
| **Profit/(loss) before finance costs attributable to minority interest holders*** | | **9,036** | **(280)** |
| Finance costs attributable to minority interest holders* | | 701 | 762 |
| **Profit** | | **9,737** | **482** |
| **Attributable to:** | | | |
| Stapled security holders | | 9,715 | 500 |
| Minority interest holders | | 22 | (18) |
| **Profit** | | **9,737** | **482** |
| Basic earnings per stapled security (cents) | 7 | 3.26 | 0.21 |
| Diluted earnings per stapled security (cents) | 7 | 3.26 | 0.21 |

* Due to the classification of minority interest holders in Sydney Boat Share Pty Limited as a financial liability, the share of profits and losses associated with minority shareholders of this company has been disclosed as finance costs in the Income Statement.

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

| | | | |
|---|---|---|---|
| Distribution in respect of the half year ended 31 December | 8 | 19,725 | 15,326 |
| Distribution per stapled security in respect of the half year ended 31 December (cents) | 8 | 6.50 | 6.50 |

**ARDENT LEISURE GROUP**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

| | Note | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|---|
| Profit | | 9,737 | 482 |
| Other comprehensive income: | | | |
| Cash flow hedges | 15 | 1,190 | (7,029) |
| Gain on buy out of joint venture partner | 15 | 40 | - |
| Revaluation of property, plant and equipment | 15 | 3,745 | (660) |
| Security-based payments | 15 | 92 | 19 |
| Foreign exchange translation difference | 15 | (9,070) | (2,250) |
| **Other comprehensive income for the period** | | **(4,003)** | **(9,920)** |
| **Total comprehensive income for the period** | | **5,734** | **(9,438)** |
| Total comprehensive income for the period attributable to: | | | |
| Stapled security holders | | 5,712 | (9,420) |
| Minority interest holders | | 22 | (18) |
| | | **5,734** | **(9,438)** |

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

**ARDENT LEISURE GROUP**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2009**

| | Note | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 16,182 | 12,205 |
| Receivables | | 5,648 | 3,576 |
| Derivative financial instruments | 9 | 900 | 255 |
| Inventories | | 9,533 | 8,307 |
| Current tax receivables | | 372 | 1,571 |
| Properties held for sale | | 25,450 | 50,081 |
| Other | | 10,650 | 7,271 |
| **Total current assets** | | **68,735** | **83,266** |
| **Non-current assets** | | | |
| Investment properties | 10 | 78,587 | 79,402 |
| Property, plant and equipment | 11 | 455,944 | 450,485 |
| Interest bearing receivables | | 878 | 899 |
| Livestock | | 466 | 508 |
| Intangible assets | 12 | 131,331 | 125,322 |
| Deferred tax assets | | 5,137 | 5,210 |
| **Total non-current assets** | | **672,343** | **661,826** |
| **Total assets** | | **741,078** | **745,092** |
| **Current liabilities** | | | |
| Payables | | 40,797 | 43,433 |
| Derivative financial instruments | 9 | 6,635 | 7,868 |
| Interest bearing liabilities | 13 | 9,318 | 3,113 |
| Provisions | | 3,292 | 4,429 |
| Other | | 5,799 | 2,808 |
| **Total current liabilities** | | **65,841** | **61,651** |
| **Non-current liabilities** | | | |
| Payables - minority interest holders | | 4,532 | 6,125 |
| Derivative financial instruments | 9 | - | 1,038 |
| Interest bearing liabilities | 13 | 197,948 | 259,566 |
| Provisions | | 755 | 713 |
| Deferred tax liabilities | | 5,493 | 6,081 |
| **Total non-current liabilities** | | **208,728** | **273,523** |
| **Total liabilities** | | **274,569** | **335,174** |
| **Net assets** | | **466,509** | **409,918** |
| **Equity** | | | |
| Contributed equity | 14 | 386,501 | 316,070 |
| Reserves | 15 | 38,356 | 50,428 |
| Retained profits | 16 | 41,652 | 42,671 |
| Total equity attributable to stapled security holders | | 466,509 | 409,169 |
| Minority interest holders | | - | 749 |
| **Total equity** | | **466,509** | **409,918** |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**ARDENT LEISURE GROUP**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

| | Note | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|---|
| **Total equity at the beginning of the period** | | **409,918** | **496,312** |
| **Total comprehensive income for the period** | | **5,734** | **(9,438)** |
| Total comprehensive income for the period attributable to: | | | |
| Stapled security holders | | 5,712 | (9,420) |
| Minority interest holders | | 22 | (18) |
| | | **5,734** | **(9,438)** |
| Transactions with minority interest | | | |
| - Minority interest on acquisition of controlled entity | | (771) | - |
| | | **(771)** | **-** |
| Transactions with stapled security holders in their capacity as stapled security holders | | | |
| - Contributions of equity, net of issue costs | 14 | 70,431 | 7,361 |
| - Sale of stapled securities for executive securities plan | 14 | - | 211 |
| - Distributions paid and payable | 16 | (18,803) | (23,087) |
| **Total transactions with stapled security holders in their capacity as stapled security holders** | | **51,628** | **(15,515)** |
| **Total equity at the end of the period** | | **466,509** | **471,359** |

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

**ARDENT LEISURE GROUP**
**STATEMENT OF CASH FLOWS**
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 175,647 | 184,302 |
| Payments to suppliers and employees | (120,826) | (128,348) |
| Property expenses paid | (20,524) | (16,143) |
| Other operating expenses paid | (3,059) | (2,249) |
| Realised gain on derivative financial instruments | 226 | 1,002 |
| Income tax refund/(paid) | 390 | (1,241) |
| Interest received | 169 | 464 |
| US withholding tax paid | (184) | (332) |
| **Net cash flows from operating activities** | **31,839** | **37,455** |
| | | |
| **Cash flows from investing activities** | | |
| Payment for property, plant and equipment | (11,399) | (24,587) |
| Proceeds from sale of plant and equipment | 27,556 | 5,295 |
| Payment for purchase of businesses | (31,699) | (1,342) |
| **Net cash flows from investing activities** | **(15,542)** | **(20,634)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 1,552,076 | 1,592,755 |
| Repayment of borrowings | (1,607,481) | (1,588,418) |
| Borrowing costs | (8,259) | (8,690) |
| Repayment of principal of finance lease | (9) | (28) |
| Proceeds from issue of stapled securities | 66,732 | - |
| Costs on issue of stapled securities | (2,431) | (14) |
| Disposal of stapled securities | - | 217 |
| Distributions paid to stapled security holders | (12,673) | (15,712) |
| **Net cash flows from financing activities** | **(12,045)** | **(19,890)** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **4,252** | **(3,069)** |
| Cash and cash equivalents at the beginning of the period | 12,205 | 20,621 |
| Effect of exchange rate changes on cash and cash equivalents | (275) | 905 |
| **Cash at the end of the period** | **16,182** | **18,457** |

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

## 1. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these financial statements for the half year ended 31 December 2009 are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements for the interim half year reporting period ended 31 December 2009 have been prepared in accordance with the requirements of the Ardent Leisure Trust and Ardent Leisure Limited Constitutions, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual statements of Ardent Leisure Group (Group) for the year ended 30 June 2009 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements consist of the consolidated financial statements of the Group which comprises Ardent Leisure Trust (Trust) and its controlled entities including Ardent Leisure Limited (ALL). Although there is no ownership interest between the Trust and ALL, the Trust is deemed to be the parent entity under Australian Accounting Standards. As such, consolidated financial statements have been prepared for the Group as well as separate financial statements for ALL.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Compliance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* ensures that the interim financial report complies with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Consequently, these interim financial statements have also been prepared in accordance with and comply with IAS 34 *Interim Financial Reporting* as issued by the IASB.

*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(c), 1(d), 1(e), 1(f), 1(g), 1(h)(iii) and 1(l) and assumptions related to deferred tax liabilities and impairment testing of goodwill, 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.

### (b) Principles of consolidation

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. As the Trust is deemed to be the parent entity under Australian Accounting Standards, consolidated financial statements have been prepared for the Group as well as separate financial statements for ALL. The consolidated financial statements combine the financial statements for the Trust and ALL for the period. Transactions between the entities have been eliminated in the consolidated financial statements of the Group.

Accounting for the Group is carried out in accordance with UIG 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements*. Transactions with minority interest holders are recognised in the Group's financial statements using the economic entity method, whereby transactions with minority interest holders are treated as transactions with equity participants.

The financial statements of the Group should be read in conjunction with the separate financial statements of ALL for the period.

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

**(c) Investment properties**

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose 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 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.

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and the volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regards to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the end of the reporting period, the current market uncertainty means that if investment property is sold in the future, the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

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

### (d) Property, plant and equipment

*Revaluation model*
The revaluation model of accounting is used for each class of property, plant and equipment (PPE). Initially, PPE is measured at cost. Subsequently, 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 shareholders' 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 revaluation reserves directly in equity to 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 property, plant and equipment revaluation reserve to retained earnings.

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.

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and the volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of PPE is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regards to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of PPE has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the end of the reporting period, the current market uncertainty means that if PPE is sold in the future, the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

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

### (d) 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:

- Buildings – 40 years;
- Leasehold improvements – over life of lease;
- Major rides and attractions – 20 to 40 years;
- Plant and equipment – 7.5 to 25 years;
- Furniture, fittings and equipment – 4 to 13 years; and
- Motor vehicles – 8 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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(f)).

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

### (e) Intangible assets

*Brands*
Brands acquired are amortised on a straight-line basis over the period during which benefits are expected to be received, which is 10 years.

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

*Other intangibles*
Intellectual property purchased is amortised on a straight-line basis over the period during which benefits are expected to be received, which is seven years.

Liquor licenses are amortised in a straight-line basis over the length of the license which is 10 to 16 years.

*Goodwill*
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisition of entities is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill 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 purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each primary reporting segment.

### (f) 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 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 end of the reporting period.

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

### (g) 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, 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 Trust 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 Trust 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.

*(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 the cash flow hedge reserve. 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 the foreign currency translation reserve. 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.

### (h) 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. 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.

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

### (h) Employee benefits (continued)

*(iii) Old executive securities plan (ESP)*

Prior to 1 July 2009, security-based compensation benefits were provided to certain employees via the ESP. Benefits provided to executives under this scheme still exist but from 1 July 2009, any future long term incentives will be provided to executives under the new long term incentive plan (LTIP) (refer to Note 1h(iv)).

Under the terms of the ESP, employees are provided with a loan from the Trust, partially repayable, which is used to acquire securities on market. The amount of the loan to be repaid is capped at the value of the securities issued on vestment. The terms of the loans create a synthetic option, which means that the loans and underlying number of securities are removed from receivables and contributed equity respectively and the value of the option is brought to account pursuant to the term of AASB 2 *Share-based Payment*. Further, under AASB 2, the terms of the loan mean that the Trust owns the securities that it purchases on market, which are classified as treasury securities.

The characteristics of the ESP indicate that it is an equity settled share-based payment as the holders are entitled to the securities as long as they meet the ESP's service and performance criteria.

The fair value of the synthetic option granted under the ESP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value of the options at grant date is determined using the trinomial options pricing model and then recognised over the vesting period during which employees become unconditionally entitled to the options.

At each reporting date, the Group revises its estimate of the number of securities that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

*(iv) Long term incentives plan - performance rights*

*Australian employees*
From 1 July 2009, long term incentives are 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 ending 30 June 2011.

The characteristics of the LTIP indicate that it is an equity settled share based payment for the Group as the holders are entitled to the securities as long as they meet the LTIP's service and performance criteria.

The fair value of the performance rights granted under the LTIP is recognised 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 options.

At each reporting date, the Group revises its estimate of the number of securities that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

*US employees*
For US executives eligible for the LTIP, a shadow performance rights scheme has been set up whereby a cash payment is 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 granted and payment made based on the Group 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.

The fair value of each grant of performance rights is determined at 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 recorded through the Income Statement.

At each reporting date, the Group revises its estimate of the number of securities that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

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

### (i) Tax

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

The income tax expense or revenue for the period is the tax payable on the current period's taxable income at the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

*Tax consolidation legislation*
ALL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 8 February 2005.

The head entity, ALL, and the controlled entities in the tax consolidated group continue to 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 stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, ALL 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the tax 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.

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its taxable income (including assessable realised capital gains) is fully distributed to unitholders, 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 unitholders.

### (j) 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. Revenue is recognised for the major business activities as follows:

*(i) Rendering of services*
Revenue from rendering of services including theme park and QDeck entry, bowling games and gym membership is recognised when the outcome can be reliably measured and the service has taken place.

*(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 properties leased by the Group, and is brought to account on a straight-line basis over the lease term.

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

**(j) Revenue (continued)**

*(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.

**(k) 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 Trust'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 period 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 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 balance 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 31 December 2009, the spot rate used was A$1.00 = NZ$1.243 (30 June 2009: A$1.00 = NZ$1.2496) and A$1.00 = US$0.898 (30 June 2009: A$1.00 = US$0.8068). The average spot rate during the half year ended 31 December 2009 was A$1.00 = NZ$1.2379 (31 December 2008: A$1.00 = NZ$1.2051) and A$1.00 = US$0.8786 (31 December 2008: A$1.00 = US$0.7704).

**(l) Fair values**

The fair value of financial assets and financial liabilities must be determined for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price and 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 balance 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 forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the future cash flows.

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 determined by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

### (m) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity securities issued or liabilities incurred or assumed at the date of exchange. The accounting standards changed from 1 July 2009, such that acquisition costs directly attributable to the acquisition incurred subsequent to 1 July 2009 have been expensed as incurred. Previously these costs were recognised as part of the acquisition costs and so included in goodwill.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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 Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

### (n) Rounding

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

### (o) New standards, amendments and interpretations to published standards that are not yet effective

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 2009 or later periods but which the Group has not yet adopted. Based on a review of these standards, none of the standards yet to be adopted are expected to have a significant impact on the financial statements of the Group.

## 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 December 2009 $'000** | **Consolidated December 2008 $'000** |
|---|---|---|
| Revenue from services | 127,337 | 131,574 |
| Revenue from sale of goods | 42,236 | 46,508 |
| Revenue from rentals | 9,224 | 9,514 |
| Revenue from management fees | 45 | 40 |
| **Revenue from operating activities** | **178,842** | **187,636** |

## 4. Management fees

The Manager of the Trust is Ardent Leisure Management Limited, which until 1 September 2009 was a wholly-owned subsidiary of Macquarie Group Limited. On 1 September 2009, ALL acquired all of the shares in the Manager from Macquarie Group 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

On the acquisition of the Manager by ALL, the Trust constitution was changed and the management fees structure was amended. The base management fee since 1 September 2009 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.

Prior to 1 September 2009, the base fee was comprised of two fees, and was calculated as follows:

(i) 0.2% per annum of total assets of the Trust; plus
(ii) 3.5% of the amount available for distribution to stapled security holders.

### (b) Performance fee

Once ALL acquired the Manager of the Trust on 1 September 2009, the Trust Constitution was amended so that performance fees are no longer payable. Prior to 1 September 2009, a performance fee was payable if the performance criteria were met; however, Macquarie Group Limited waived the performance fee payable for the year to 30 June 2009 and for the two month period to 31 August 2009 in exchange for receiving $17 million for all of the shares in the Manager of the Trust. The performance fee which would have been payable to Macquarie Group Limited if the internalisation had not occurred would have been $1,132,023 and was recorded in the financial statements as at 30 June 2009.

### (c) Management fee calculation

The management fee paid externally to the Group, ie before 1 September 2009, for the half year ended 31 December 2009 is detailed as follows:

| | **Consolidated December 2009 $** | **Consolidated December 2008 $** |
|---|---|---|
| Base management fee | 426,586 | 1,710,491 |
| | **426,586** | **1,710,491** |

## 5. Other expenses

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| Accounting fees | 0 | 124 |
| Audit fees | 158 | 326 |
| Consulting fees | 349 | 464 |
| Consumables | 2,041 | 1,474 |
| Custodian fees | 55 | 64 |
| Electricity | 4,725 | 4,591 |
| Foreign exchange loss/(gain) - realised | 52 | (22) |
| Fuel and oil | 274 | 241 |
| Insurance | 818 | 767 |
| Legal fees | 79 | 11 |
| Merchant fees | 2,013 | 2,130 |
| Motor vehicles | 321 | 365 |
| Permits and fees | 1,382 | 1,444 |
| Printing, stationery and postage | 1,222 | 1,387 |
| Registry fees | 200 | 84 |
| Stapled security holder communication costs | 36 | 91 |
| State taxes | 164 | 199 |
| Stock exchange costs | 96 | 29 |
| Taxation fees | 129 | 65 |
| Telephone | 825 | 950 |
| Training | 587 | 622 |
| Travel costs | 709 | 872 |
| Valuation fees | 6 | - |
| Other | 314 | 581 |
| | **16,555** | **16,859** |

Other expenses have been paid in accordance with the Constitutions.

## 6. Remuneration of auditor

During the period, the auditor of the Group, PricewaterhouseCoopers Australian firm, earned the following remuneration:

| | Consolidated December 2009 $ | Consolidated December 2008 $ |
|---|---|---|
| Audit services | 157,670 | 326,287 |
| Taxation services | 128,844 | 64,904 |
| | **286,514** | **391,191** |

## 7. Earnings per stapled security

| | Consolidated December 2009 | Consolidated December 2008 |
|---|---|---|
| Basic earnings per stapled security (cents) | 3.26 | 0.21 |
| Diluted earnings per stapled security (cents) | 3.26 | 0.21 |
| Core earnings per stapled security (cents) | 7.78 | 12.04 |
| Earnings used in the calculation of basic and diluted earnings per stapled security ($'000) | 9,715 | 500 |
| Earnings used in the calculation of core earnings per stapled security (refer calculation in table below) ($'000) | 23,164 | 28,231 |
| Weighted average number of stapled securities on issue used in the calculation of basic and core earnings per stapled security ('000) | 297,668 | 234,421 |
| Weighted average number of stapled securities held by ALL employees under the executive securities plan ('000) | 526 | 895 |
| Weighted average number of stapled securities on issue used in the calculation of diluted earnings per stapled security ('000) | 298,194 | 235,316 |

**Calculation of core earnings**

The Manager does not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to stapled security holders. 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 period. 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 is determined as the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items, reserve transfers and other significant one off items which are not in the ordinary course of business. Per the Trust Constitution, the amount distributed to stapled security holders is at the discretion of the Manager. The Manager will use the core earnings calculated as a guide to assessing an appropriate distribution to declare.

The adjustments made to profit under Australian Accounting Standards in order to solely determine core earnings may change from time to time depending on future 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.

## 7. Earnings per stapled security (continued)

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| Profit used in calculating earnings per stapled security | 9,715 | 500 |
| Unrealised items | | |
| - Unrealised (gain)/loss on derivative financial instruments | (1,712) | 12,157 |
| - Unrealised loss/(gain) on Goodlife put and call option | 38 | (782) |
| - Tax impact of unrealised gain on put and call option | - | 235 |
| - Property valuation losses - investment properties | 1,259 | 8,715 |
| Non-cash items | | |
| - Straight lining of fixed rent increases | 1,105 | 799 |
| - Impairment of goodwill | 8,514 | - |
| - Amortisation of Goodlife intangible assets | 1,227 | 1,924 |
| - Tax impact of amortisation of Goodlife intangible assets | (368) | (577) |
| Reserve transfers | | |
| - Transfer to asset revaluation reserve[1] | 2,539 | 2,527 |
| **Distributable earnings** | **22,317** | **25,498** |
| One off realised items | | |
| - Pre-opening expenses | 45 | 704 |
| - Loss on write off of aborted development projects | - | 3,020 |
| - Tax impact of write off of aborted development project | - | (991) |
| - Business acquisition costs now expensed | 2,058 | - |
| - Gain on sale of freehold land and buildings[2] | (1,256) | - |
| **Core earnings** | **23,164** | **28,231** |

[1] The transfer from asset revaluation reserve represents depreciation recorded under Australian Accounting Standards effective 1 July 2005 on property, plant and equipment which were previously classified as investment properties.

[2] During the period, the Group sold eight AMF bowling freehold properties for $27.3 million or $26.0 million net of costs. Five of the properties have been leased back to the Group on long term leases and one on a short term lease. A gain of $1.3 million was recorded in the period. Revaluations totalling $9.0 million were recorded on these properties in previous periods, so consequently a gain of $10.3 million was realised over the term of the Group's investment in these properties.

## 8. Distributions paid and payable

| | Distribution cents per stapled security | Total amount $'000 |
|---|---|---|
| **2009 distributions for the half year ended:** | | |
| 31 December 2009* | 6.5 | 19,725 |
| 30 June 2009 | 7.8 | 18,803 |
| **2008 distributions for the half year ended:** | | |
| 31 December 2008** | 6.5 | 15,326 |
| 30 June 2008 | 10.0 | 23,087 |

* The distribution of 6.5 cents per stapled security for the half year ended 31 December 2009 was not declared prior to 31 December 2009. Refer to Note 21.

** The distribution of 6.5 cents per stapled security for the half year ended 31 December 2008 was not declared prior to 31 December 2008.

## 9. Derivative financial instruments

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| **Current assets** | | |
| Forward foreign exchange contracts | 900 | 255 |
| | **900** | **255** |
| **Current liabilties** | | |
| Interest rate swaps | 6,635 | 7,868 |
| | **6,635** | **7,868** |
| **Non-current liabilities** | | |
| Interest rate swaps | - | 1,038 |
| | **-** | **1,038** |

**Forward foreign exchange contracts**
The Group has entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A$1.00 = US$0.7582 (30 June 2009: A$1.00 = US$0.7574). These contracts total A$8.2 million (30 June 2009: A$9.7 million) and the last of these contracts matures in December 2012.

The Group has also entered into forward foreign exchange contracts to sell New Zealand dollars and receive Australian dollars at an average exchange rate of A$1.00 = NZ$1.2093 (30 June 2009: A$1.00 = NZ$1.2207). These contracts total A$5.3 million (30 June 2009: A$5.2 million) and the last of these contracts matures within 12 months.

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 its risk management strategy of using these contracts is appropriate and effective in offsetting the economic foreign exchange exposures of the Group.

**Interest rate swaps**
The Group has entered into an interest rate swap agreements totalling $75 million (30 June 2009: $75 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal and oblige it to pay interest at a fixed rate. The interest rate swap agreement allows the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

The Group has also entered into a US dollar interest rate swap agreements totalling US$45 million (30 June 2009: US$45 million) that entitle it to receive interest at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount.

The 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.

In November 2008, the USD borrowings of the Trust were converted into AUD. The US dollar interest rate swaps no longer qualify for hedge accounting and accordingly, the amount recorded in the cash flow hedge reserve was transferred to the Income Statement. All changes in fair value of these contracts from this date are also recorded through the Income Statement.

## 10. Investment properties

**Consolidated**

| Property | Note | Valuer | Cost $'000 | Revaluation increments $'000 | Consolidated Dec 2009 book value $'000 | Consolidated Jun 2009 book value $'000 |
|---|---|---|---|---|---|---|
| Excess land | (a) | | 2,874 | 626 | 3,500 | 3,500 |
| d'Albora Marinas | (b) | (1) | 68,123 | 6,964 | 75,087 | 75,902 |
| **Total** | | | **70,997** | **7,590** | **78,587** | **79,402** |

As valued by:
(1) Greg Thomson, FAPI, Knight Frank, Valuation Services (NSW) Pty Limited independently valued the properties at 30 June 2009.

(a) Part of the excess land was transferred to properties held for sale at 30 June 2009 and was sold during the period for $16.5 million. The remaining land has been valued by Directors at $3.5 million.
(b) The total carrying value of d'Albora Marinas (including plant and equipment of $6.4 million) is $81.5 million. All of the marinas were independently valued at 30 June 2009 and valued by the Directors at 31 December 2009. At 31 December 2009, the fair value of d'Albora Marinas was assessed to be $81.5 million.

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

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| Carrying amount at the beginning of the period | 79,402 | 121,709 |
| Additions | 444 | 997 |
| Transfer to properties held for sale | - | (16,500) |
| Revaluation decrements | (1,259) | (26,804) |
| **Carrying amount at the end of the period** | **78,587** | **79,402** |

Amounts recognised in the Income Statement for investment properties are set out below:

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| Revenue from investment properties | 8,019 | 8,330 |
| Property expenses incurred on investment properties | (1,327) | (1,120) |

## 11. Property, plant and equipment

**Consolidated**

| Property | Valuer | Cost $'000 | Revaluation increments/ (decrements) $'000 | Consolidated Dec 2009 book value $'000 | Consolidated Jun 2009 book value $'000 |
|---|---|---|---|---|---|
| Theme parks | (1) | 187,375 | 105,995 | 293,370 | 283,820 |
| d'Albora Marinas | (2) | 6,413 | - | 6,413 | 5,598 |
| Bowling Group | (3) | 69,498 | - | 69,498 | 68,173 |
| Main Event | (4) | 50,898 | (4,441) | 46,457 | 51,535 |
| Goodlife | (5) | 35,725 | - | 35,725 | 35,020 |
| Other | (6) | 4,481 | - | 4,481 | 6,339 |
| **Total** | | **354,390** | **101,554** | **455,944** | **450,485** |

As valued by:

(1) The Directors have valued the Dreamworld and WhiteWater World theme parks including intangible assets at $285 million at 31 December 2009. Jones Lang LaSalle Hotels valued the two theme parks at $285 million at 30 June 2009. Jones Land LaSalle Hotels valued the freehold land and buildings of Q Deck at $9 million as at 31 December 2009 and the directors the remaining plant and equipment at QDeck at $0.5 million.

(2) The Directors have valued the property, plant and equipment of d'Albora Marinas at $6.4 million at 31 December 2009.

(3) The Directors have valued the property, plant and equipment of the Bowling division at $69.5 million at 31 December 2009.

(4) The freehold land and buildings of the three family entertainment centres were independently valued by PGP Valuation Inc at 30 June 2009 at US$21.09 million (A$26.1 million). At 31 December 2009, the Directors assessed the fair value of the freehold land and buildings to be A$23.5 million and the remaining property, plant and equipment to be A$23 million.

(5) The Directors have valued the property, plant and equipment of Goodlife at $35.7 million at 31 December 2009.

(6) Other assets include Sydney Boat Share and other corporate assets. At 31 December 2009, the Directors assessed the fair value of the remaining property, plant and equipment to be $4.5 million.

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

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| Carrying amount at the beginning of the period | 450,485 | 495,707 |
| Additions | 10,860 | 44,585 |
| Business combination | 9,500 | - |
| Change in ownership of joint venture | 674 | - |
| Transfer to properties held for sale | (187) | (14,014) |
| Disposals | (1,567) | (16,443) |
| Depreciation | (12,377) | (24,642) |
| Foreign exchange movements | (5,189) | 6,476 |
| Revaluation increments/(decrements) | 3,745 | (41,184) |
| **Carrying amount at the end of the period** | **455,944** | **450,485** |

## 12. Intangible assets

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| **Customer relationships** | | |
| Cost | 8,410 | 8,410 |
| Accumlated amortisation | (6,123) | (5,223) |
| Closing balance | 2,287 | 3,187 |
| **Brand name** | | |
| Cost | 6,539 | 6,539 |
| Accumlated amortisation | (1,471) | (1,144) |
| Closing balance | 5,068 | 5,395 |
| **Other intangible assets** | | |
| Cost | 2,031 | 2,020 |
| Accumulated amortisation | (1,443) | (1,361) |
| Closing balance | 588 | 659 |
| **Goodwill** | | |
| Cost | 134,707 | 118,886 |
| Accumulated impairment charge | (11,319) | (2,805) |
| Closing balance | 123,388 | 116,081 |
| **Total intangible assets** | **131,331** | **125,322** |

***Impairment tests for goodwill***

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to segment and country of operation. The key assumptions used in the value in use calculations used to test for impairment are shown in the table below:

| | Growth rate(1) | | Discount rate(2) | |
|---|---|---|---|---|
| **CGU** | **December 2009 % pa** | **June 2009 % pa** | **December 2009 % pa** | **June 2009 % pa** |
| Theme park operations | n/a | n/a | n/a | n/a |
| Marina operations | n/a | n/a | n/a | n/a |
| Bowling operations | 2.00 | 2.00 | 11.16 | 10.81 |
| Fractional boat ownership | - | - | 11.16 | 10.81 |
| Family entertainment centres | 3.00 | 2.00 | 10.82 | 10.88 |
| Health clubs | 2.00 | 2.00 | 11.16 | 10.81 |

(1) Average growth rate used to extrapolate cash flows beyond the budget period
(2) In performing the value in use calculations for each CGU, the Group has applied a pre-tax discount rates to discount the forecast future attributable pre-tax cash flows.

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.

Management considers the growth rates are reasonable, and does not consider a change in any of the other key assumptions to be likely.

Goodwill of $17 million arose on the internalisation of the Manager. This goodwill was allocated to each of the business segments based on EBITDA of each segment in the Group accounts for the year ended 30 June 2009. $8,514,000 was allocated to the theme park and marina operations CGUs. The assets in these CGUs are already held at fair value in the Group accounts resulting in an impairment charge of $8,514,000 being recorded in the period to 31 December 2009. There was no impairment charge in the prior corresponding period.

## 13. Interest bearing liabilities

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| **Current** | | |
| Finance leases | 19 | 23 |
| Bank loan - term debt | 9,299 | 3,090 |
| **Total current** | **9,318** | **3,113** |
| | | |
| **Non-current** | | |
| Finance leases | 52 | 58 |
| Bank loan - term debt | 198,999 | 260,624 |
| Amortised costs - bank loan | (1,103) | (1,116) |
| **Total non-current** | **197,948** | **259,566** |
| | | |
| **Total interest bearing liabilities** | **207,266** | **262,679** |

The term debt is secured by registered mortgages over all properties owned by the Group.

**Credit facilities**
As at 31 December 2009, the Group had access to the following facilities:

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| Cash advance facility | 133,962 | 120,000 |
| Amount used | (110,250) | (94,700) |
| **Amount unused** | **23,712** | **25,300** |
| | | |
| Loan note facility 1 | 80,000 | 80,000 |
| Amount used | (80,000) | (80,000) |
| **Amount unused** | **-** | **-** |
| | | |
| Loan note facility 2a | 7,708 | 50,000 |
| Amount used | (7,708) | (50,000) |
| **Amount unused** | **-** | **-** |
| | | |
| Loan note facility 2b | - | 26,620 |
| Amount used | - | (26,620) |
| **Amount unused** | **-** | **-** |
| | | |
| US facility | 10,340 | 12,394 |
| Amount used | (10,340) | (12,394) |
| **Amount unused** | **-** | **-** |
| | | |
| Total facility | 232,010 | 289,014 |
| Total amount used | (208,298) | (263,714) |
| **Total amount unused** | **23,712** | **25,300** |

The cash advance and loan note facility 1 mature in August 2011. In March 2009, loan note 2 facility was split so that $50 million of the facility matured in September 2009 and the remaining $50 million matures in September 2010. Following the sale of certain assets the facility due in September 2009 was repaid and the facility due to mature in September 2010 has been reduced to $7.7 million.

In June 2009, the Group acquired a new US$10 million loan facility which matures in June 2014.

## 13. Interest bearing liabilities (continued)

All of the facilities have a variable interest rate. As detailed in Note 9, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average annual interest rates payable on the loans at 31 December 2009, including the impact of the interest rate swaps, is 6.56% for AUD denominated debt (30 June 2009: 5.94%) and 6.01% for USD denominated debt (30 June 2009: 6.06%).

## 14. Contributed equity

| *No. of stapled securities* | *Details* | *Date of income entitlement* | *Note* | **Consolidated December 2009 $'000** | **Consolidated June 2009 $'000** |
|---|---|---|---|---|---|
| 230,827,761 | Stapled securities on issue | 30 Jun 2008 | | | 304,581 |
| 4,839,749 | DRP issue | 1 Jul 2008 | *(i)* | | 7,375 |
| 116,535 | ESP - stapled securities sold | 1 Jul 2008 | *(ii)* | | 211 |
| 4,958,662 | DRP issue | 1 Jan 2009 | *(i)* | | 4,823 |
| 322,082 | ESP - stapled securities sold | 1 Jan 2009 | *(ii)* | | 276 |
| - | Transfer to retained profits - realised items | 30 Jun 2009 | | | (1,132) |
| - | Issue costs paid | | | | (64) |
| 241,064,789 | Stapled securities on issue | 30 Jun 2009 | | 316,070 | 316,070 |
| 4,363,543 | DRP issue | 1 Jul 2009 | *(i)* | 6,130 | |
| 36,238,555 | Placement | 1 Jul 2009 | *(iii)* | 41,674 | |
| 21,789,359 | Security purchase plan | 1 Jul 2009 | *(iv)* | 25,058 | |
| - | Issue costs paid | | | (2,431) | |
| **303,456,246** | **Stapled securities on issue** | **31 Dec 2009** | | **386,501** | **316,070** |

*(i) Distribution reinvestment plan*

The Group has established a distribution reinvestment plan (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.

*(ii) Executives security plan*

Stapled securities in the Group have been acquired by the employees of ALL, funded by a loan from the Trust, as part of ALL's ESP. These stapled securities will be given to employees in the future if certain performance targets are achieved. As there are vesting conditions attached to these contracts, the Group is deemed to have acquired and to hold the securities purchased. In accordance with Australian Accounting Standards, the purchase of stapled securities under the ESP is treated as a purchase of the Group's own stapled securities and accordingly, the contributed equity account has been reduced.

*(iii) Placement*

On 2 July 2009, the Group made a placement of 36,238,555 stapled securities at an issue price of $1.15 per security. The securities are entitled to the distribution payable for the six months ended 31 December 2009.

*(iv) Security purchase plan*

On 7 August 2009, the Group issued 21,789,359 stapled securities at an issue price of $1.15 per security. The securities are entitled to the distribution payable for the six months ended 31 December 2009.

## 15. Reserves

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| **Asset revaluation reserve** | | |
| Opening balance | 76,099 | 126,135 |
| Revaluation - Theme parks | 2,377 | (35,374) |
| Revaluation - Bowling Group | 633 | (1,735) |
| Revaluation - Goodlife | 735 | 1,283 |
| Revaluation - Main Event | - | (5,359) |
| Tax on Main Event revaluation | - | 1,768 |
| Transfer to retained profits of revaluations previously booked on asset sales | (9,027) | (5,664) |
| Transfer to retained profits - unrealised items | 3,591 | - |
| Transfer to retained profits - realised items | (2,539) | (4,955) |
| Closing balance | 71,869 | 76,099 |
| **Capital reserve** | | |
| Opening balance | (3,470) | (1,636) |
| Pre-opening expenses | (45) | (1,735) |
| Transfer to retained profits - unrealised items | (49) | (99) |
| Closing balance | (3,564) | (3,470) |
| **Cash flow hedge reserve** | | |
| Opening balance | (2,864) | 1,765 |
| Movement in effective cash flow hedges | 1,190 | (4,629) |
| Closing balance | (1,674) | (2,864) |
| **Foreign currency translation reserve** | | |
| Opening balance | (18,412) | (1,364) |
| Translation of foreign operations | (9,070) | (17,048) |
| Closing balance | (27,482) | (18,412) |
| **Stapled security-based payment reserve** | | |
| Opening balance | 259 | 120 |
| Option expense | 92 | 139 |
| Closing balance | 351 | 259 |
| **Employee share plan reserve** | | |
| Opening balance | (7) | (24) |
| Expense | - | 17 |
| Closing balance | (7) | (7) |
| **Performance fee reserve** | | |
| Opening balance | 1,132 | - |
| Recognition of performance fee | - | 1,132 |
| Closing balance | 1,132 | 1,132 |
| **Goodlife put and call option reserve** | | |
| Opening balance | (2,309) | (2,309) |
| Gain on buy out of joint venture partner | 40 | - |
| Closing balance | (2,269) | (2,309) |
| **Total reserves** | **38,356** | **50,428** |

**15. 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 minority 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 Note 1(g)(ii).

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 options issued to employees but not yet exercised under the Group's ESP and the fair value of performance rights issued to employees but not yet exercised under the Group's LTIP.

The employee share plan reserve is used to recognise the interest expense charged to employees on the loan and the distributions paid to employees on the stapled securities issued as part of ALL's ESP.

The performance fee reserve is used to recognise the fair value of stapled securities not yet issued to the Manager in settlement for the performance fee earned in the 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 minority interests in Ardent Leisure Health Clubs 1 Pty Limited. In accordance with Australian Accounting Standards AASB 132 *Financial Instruments: Presentation*, on first recognition the Group recorded the potential obligation under the put option on the Statement of Financial Position 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 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 will be taken to the Income Statement as finance costs in subsequent periods. During the period, the Group acquired the remaining interest in Ardent Leisure Health Clubs 1 Pty Limited but due to the accounting standards, the reserve will remain. In addition, during the period, the Group acquired the remaining interest in Macquarie Goodlife Unincorporated Joint Venture. The purchase price was $40,000 lower than the net assets of the entity resulting in a reserves adjustment.

## 16. Retained profits

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| **Retained profits - realised items** | | |
| Opening balance | 49,779 | 42,607 |
| Distributable earnings | 22,317 | 25,498 |
| Available for distribution | 72,096 | 68,105 |
| Transfer from asset revaluation reserve of revaluations previously booked on asset sales | 9,027 | 2,344 |
| Distribution paid and payable | (18,803) | (23,087) |
| Closing balance | 62,320 | 47,362 |

The distribution of 6.5 cents per stapled security for the half year ended 31 December 2009 totalling $19.7 million had not been declared at period end. This will be paid on or before 26 February 2010 as described in Note 21.

| | Consolidated December 2009 $'000 | Consolidated December 2008 $'000 |
|---|---|---|
| **Retained profits - unrealised items** | | |
| Opening balance | (7,108) | 25,640 |
| Property valuation losses - investment properties | (1,259) | (8,715) |
| Transfer from capital reserve | 94 | 50 |
| Transfer from revaluation reserve | (3,591) | - |
| Straight lining of fixed rent increases | (1,105) | (799) |
| Unrealised gain/(loss) on derivative financial instruments | 1,712 | (12,157) |
| Unrealised (loss)/gain on Goodlife put and call option | (38) | 782 |
| Tax impact of unrealised gain on Goodlife put and call option | - | (235) |
| Impairment of goodwill | (8,514) | - |
| Amortisation of Goodlife intangible assets | (1,227) | (1,924) |
| Tax impact of amortisation of Goodlife intangible assets | 368 | 577 |
| Closing balance | (20,668) | 3,219 |
| | | |
| **Total retained profits** | **41,652** | **50,581** |

## 17. Business combinations

### Current period

*Ardent Leisure Management Limited*
On 27 August 2009, the stapled security holders voted to internalise the management of the Trust. As a result of this successful vote ALL acquired all of the shares of the Manager of the Trust from Macquarie Group Limited on 1 September 2009 for $17 million. Transaction costs totalling $1.3 million were incurred on this project and expensed.

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

| | $'000 |
|---|---|
| Purchase consideration: | |
| Cash paid | 16,912 |
| **Total purchase consideration** | **16,912** |
| | |
| Fair value of net identifiable assets acquired | (88) |
| **Goodwill** | **17,000** |

The goodwill was considered to be a corporate asset and was allocated to the other CGUs based on EBITDA for the year ended 30 June 2009. As part of the goodwill acquired was allocated to CGUs where the assets were already held at fair value, an impairment charge of $8,514,000 was recorded in the period (see Note 12).

**17. Business combinations (continued)**

**Current period (continued)**

*Ardent Leisure Management Limited (continued)*

The assets and liabilities arising from the acquisition are as follows:

| | Acquiree's carrying amount $'000 | Fair value $'000 |
|---|---|---|
| Cash and cash equivalents | 54 | 54 |
| Receivables | 446 | 446 |
| Deferred tax assets | 37 | 37 |
| Payables | (500) | (500) |
| Employee provision | (125) | (125) |
| **Net identifiable assets acquired** | **(88)** | **(88)** |

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting of the Manager. Changes may occur to the fair value of net assets acquired as valuations are finalised.

*QDeck*

On 18 December 2009, the Group acquired QDeck, an observation deck in Surfers Paradise, Queensland, for $13.3 million. Transaction costs totalling $0.8 million were incurred on this project and expensed.

The acquired business contributed revenues of $215,000 and a net profit of $109,000 to the Group for the period from 18 December 2009 to 31 December 2009. No estimates of the revenue and earnings from 1 July 2009 to 31 December 2009 have been provided, given the acquisition occurred so close to the end of the period.

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

| | $'000 |
|---|---|
| Purchase consideration: | |
| Cash paid | 13,279 |
| **Total purchase consideration** | **13,279** |
| | |
| Fair value of net identifiable assets acquired | 9,496 |
| **Goodwill** | **3,783** |

The assets and liabilities arising from the acquisition are as follows:

| | Acquiree's carrying amount $'000 | Fair value $'000 |
|---|---|---|
| Cash and cash equivalents | 14 | 14 |
| Inventories | 37 | 37 |
| Other current assets | 115 | 115 |
| Freehold land and buildings | 9,000 | 9,000 |
| Property, plant and equipment | 500 | 500 |
| Deferred tax assets | 17 | 17 |
| Payables | (130) | (130) |
| Employee provision | (57) | (57) |
| **Net identifiable assets acquired** | **9,496** | **9,496** |

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting of QDeck. Changes may occur to the fair value of net assets acquired as valuations are finalised.

## 17. Business combinations (continued)

**Prior period**

*Sydney Boat Share*
On 22 September 2008, the Group acquired the remaining 44% interest in Sydney Boat Share Pty Limited for $1 from Ocean Angel Holdings Limited (OAH). In addition, a shareholder loan payable to OAH for $138,600 was forgiven.

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

| | $'000 |
|---|---|
| Purchase consideration: | |
| Cash paid | - |
| Forgiveness of shareholder loan | (139) |
| **Total purchase consideration** | **(139)** |
| | |
| Fair value of net identifiable assets - 100% | (1,963) |
| Fair value of net identifiable assets - 44% acquired | (864) |
| **Goodwill** | **725** |

The assets and liabilities arising from the acquisition are as follows:

| | Acquiree's carrying amount $'000 | Fair value $'000 |
|---|---|---|
| Cash and cash equivalents | 237 | 237 |
| Receivables | 1,221 | 1,221 |
| Other current assets | 194 | 194 |
| Plant and equipment | 7,939 | 7,939 |
| Intangible assets | 151 | 151 |
| Deferred tax assets | 18 | 18 |
| Payables | (911) | (911) |
| Current tax liabilities | (109) | (109) |
| Loans to ALL | (4,425) | (4,425) |
| Deferred tax liabilities | (11) | (11) |
| Vessel owning company minority interest | (6,267) | (6,267) |
| **Net identifiable assets acquired** | **(1,963)** | **(1,963)** |

## 18. Net tangible assets

| | Consolidated December 2009 $'000 | Consolidated June 2009 $'000 |
|---|---|---|
| Net tangible assets are calculated as follows: | | |
| Total assets | 741,078 | 745,092 |
| Less: Intangible assets | (131,331) | (125,322) |
| Less: Total liabilities | (274,569) | (335,174) |
| **Net tangible assets** | **335,178** | **284,596** |
| | | |
| Total number of stapled securities on issue | 303,456,246 | 241,064,789 |
| Net tangible asset backing per stapled security | $1.10 | $1.18 |

## 19. Segment information

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

*Theme Parks Group*
This segment represents Dreamworld and WhiteWater World in Coomera, Queensland and the QDeck observation deck in Surfers Paradise, Queensland.

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

*Bowling Group*
The bowling centre business segment comprises 47 centres located in Australia and New Zealand.

*Family entertainment centres*
The segment results include trading for nine Main Event sites in Texas, United States of America.

*Health clubs*
The health clubs business segment comprises 32 centres located in Queensland, New South Wales, Victoria, South Australia and Western Australia.

*Other*
This segment includes a fractional boat ownership business in Sydney, New South Wales, commission revenue received for Australian Tour Desk and management fees earned in managing the Adventure World theme park in Perth, Western Australia.

**Geographical segments**
Although the Group's divisions are managed on a global basis, they operate in two main geographical areas:

*Australasia*
This is the home country of the parent entity which is also the main operating entity. The areas of operation are principally theme parks, marinas, bowling and health club operations.

*United States of America*
This comprises the operation of family entertainment centres in Texas, United States.

Following the adoption of AASB 8 *Operating Segments*, the number of segments has increased as the new standard requires a management approach whereby information is presented on such basis as it had for internal reporting purposes.

The main income statement items used by management to assess each of the divisions are divisional revenue, divisional EBITDA before property costs and after property costs. In addition, depreciation and amortisation is analysed by division. Each of these income statement items are looked at after adjusting for pre-opening costs, straight lining rent, IFRS depreciation, amortisation of Goodlife intangible assets and impairment of goodwill. As shown in Note 7, these items are excluded from management's definition of core earnings.

Under AASB 8, adjustments are allowed to be made to the disclosed segment result to reflect how management runs the businesses. A reconciliation of the adjustments to the prior period comparatives has been provided.

## 19. Segment information (continued)

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

**Primary reporting - business segment December 2009**

| | Theme parks | Marinas | Bowling | Family entertainment centres | Health clubs | Other | Total |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Revenue | **54,274** | **10,560** | **53,255** | **23,951** | **35,856** | **946** | **178,842** |
| **Divisional EBITDA before property costs[(1)]** | **21,541** | **5,707** | **17,728** | **7,120** | **14,106** | **523** | **66,725** |
| **Divisional EBITDA[(2)]** | **20,478** | **4,380** | **8,792** | **3,774** | **7,560** | **523** | **45,507** |
| Depreciation and amortisation[(3)] | (2,077) | (375) | (2,548) | (2,453) | (1,639) | (853) | **(9,945)** |
| **Divisional EBIT[(4)]** | **18,401** | **4,005** | **6,244** | **1,321** | **5,921** | **(330)** | **35,562** |
| | | | | | | | **-** |
| Pre-opening costs, straight lining of rent, IFRS depreciation, Goodlife intangible asset amortisation and impairment of goodwill not included in Divisional EBIT[(4)] | | | | | | | **(13,430)** |
| Property valuation losses | | | | | | | **(1,259)** |
| Derivative gains | | | | | | | **1,900** |
| Corporate costs including gains on sale of assets, interest income and foreign exchange gains and losses | | | | | | | **(4,978)** |
| Borrowing costs | | | | | | | **(8,290)** |
| Net tax expense | | | | | | | **(469)** |
| Finance costs attributable to minority interest holders | | | | | | | **701** |
| **Profit** | | | | | | | **9,737** |
| Total assets | 335,186 | 84,011 | 105,719 | 99,137 | 97,897 | 19,128 | **741,078** |
| Acquisitions of property, plant and equipment, investment properties and intangible assets | 14,397 | 1,691 | 3,992 | 2,573 | 1,671 | 17,274 | **41,598** |

(1) Excludes pre-opening costs of $45,000.
(2) Excludes straight line rent of $1,105,000 and pre-opening costs of $45,000.
(3) Excludes IFRS depreciation of $2,539,000 and amortisation of Goodlife intangible assets totalling $1,227,000.
(4) Excludes pre-opening costs of $45,000, straight lining rent of $1,105,000, IFRS depreciation of $2,539,000, amortisation of Goodlife intangibles assets of $1,227,000 and impairment of goodwill of $8,514,000.

## 19. Segment information (continued)

**Primary reporting - business segment December 2008**

| | Theme parks $'000 | Marinas $'000 | Bowling $'000 | Family entertainment centres $'000 | Health clubs $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| Revenue | 56,957 | 11,280 | 55,139 | 28,694 | 34,819 | 747 | **187,636** |
| **Divisional EBITDA before property costs(1)** | **22,682** | **5,835** | **18,262** | **8,716** | **12,734** | **(175)** | **68,054** |
| **Divisional EBITDA(2)** | **21,712** | **4,715** | **11,096** | **4,906** | **6,854** | **(175)** | **49,108** |
| Depreciation and amortisation(3) | (1,955) | (370) | (2,328) | (2,243) | (1,491) | (895) | **(9,282)** |
| **Divisional EBIT(4)** | **19,757** | **4,345** | **8,768** | **2,663** | **5,363** | **(1,070)** | **39,826** |
| Pre-opening costs, straight lining of rent, IFRS depreciation, Goodlife intangible asset amortisation and impairment of goodwill not included in Divisional EBIT(4) | | | | | | | **(5,954)** |
| Property valuation losses | | | | | | | **(8,715)** |
| Derivative losses | | | | | | | **(10,374)** |
| Corporate costs including losses on sale of assets, interest income and foreign exchange gains and losses | | | | | | | **(8,182)** |
| Borrowing costs | | | | | | | **(8,993)** |
| Net tax benefit | | | | | | | **2,112** |
| Finance costs attributable to minority interest holders | | | | | | | **762** |
| **Profit** | | | | | | | **482** |
| Total assets | 360,918 | 100,365 | 136,956 | 127,522 | 103,140 | 14,354 | **843,255** |
| Acquisitions of property, plant and equipment, investment properties and intangible assets | 3,104 | 1,111 | 5,898 | 7,636 | 8,248 | 4 | **26,001** |

(1) Excludes pre-opening costs of $704,000.
(2) Excludes straight line rent of $799,000 and preopening costs of $704,000.
(3) Excludes IFRS depreciation of $2,527,000 and amortisation of Goodlife intangible assets totalling $1,924,000.
(4) Excludes pre-opening costs of $704,000, straight lining of rent of $799,000, IFRS depreciation of $2,527,000 and amortisation of Goodlife intangible assets of $1,924,000.

## 19. Segment information (continued)

**Reconciliation to prior period financial statements**

| | Theme parks | Marinas | Bowling | Family entertainment centres | Health clubs | Other | Total |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Divisional EBIT per prior period** | **18,421** | **4,345** | **7,823** | **2,663** | **2,054** | **(1,070)** | **34,236** |
| Reallocation of corporate costs | | | | | (364) | | **(364)** |
| ***Removal of non-core items not included in management's assessment of divisional EBIT*** | | | | | | | |
| Pre-opening costs | | | 34 | | 670 | | **704** |
| Straight lining of rent | | | 300 | | 499 | | **799** |
| IFRS depreciation | 1,336 | | 611 | | 580 | | **2,527** |
| Amortisation of Goodlife intangible assets | | | | | 1,924 | | **1,924** |
| **Revised December 2008 divisional EBIT** | **19,757** | **4,345** | **8,768** | **2,663** | **5,363** | **(1,070)** | **39,826** |

## 20. Commitments and contingent liabilities

The Group has agreed to make a further payment of $1.5 million to the past shareholders of BowlAustralia Holdings Pty Ltd with the payment conditional upon the opening of an additional bowling centre at Penrith in New South Wales by March 2010.

No provision has been made for this bowling centre at 31 December 2009 as no commitments had been made to third parties or contracts signed for the centre.

Unless otherwise disclosed in the financial statements, there have been no material changes to the Group's commitments or contingent liabilities since the last financial report.

## 21. Events occurring after reporting date

Subsequent to the end of the period, a distribution of 6.5 cents per stapled security has been declared by the Boards of Directors. The total distribution amount of $19.7 million will be paid on or before 26 February 2010 in respect of the half year ended 31 December 2009.

On 18 January 2010, the Group agreed to acquire seven health clubs in Western Australia from Zest Health Clubs Limited for approximately $4.2 million. Consideration will be $1 million in cash with the rest payable in stapled securities of the Group. Completion of the acquisition will occur when the property leases are assigned to the Group which is expected to occur by the end of February 2010.

Since the end of the period, the Directors of the Manager and ALL are not aware of any matter or circumstance not otherwise dealt with in the Directors' report or these financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 31 December 2009.

**ARDENT LEISURE GROUP**
**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 set out on pages 5 to 38 are in accordance with the Corporations Act 2001, including:

  (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial period ended on that date; and

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

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

Neil Balnaves, AO
Chairman

Sydney
17 February 2010

PRICEWATERHOUSECOOPERS

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## Independent auditor's review report to the members of Ardent Leisure Group

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Ardent Leisure Group, which comprise the statement of financial position as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Ardent Leisure Group (the consolidated entity). The consolidated entity comprises Ardent Leisure Trust (the trust), Ardent Leisure Limited (the company) and the entities they controlled during that half-year.

*Directors' responsibility for the half-year financial report*

The directors of Ardent Leisure Management Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ardent Leisure Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or

## Independent auditor's review report to the members of Ardent Leisure Group (continued)

management.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ardent Leisure Group is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
17 February 2010

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