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ARDENT LEISURE

ASX RELEASE

16 February 2011

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 2010.

An audio webcast of the results briefing will be made available on the Group's website.

Yours faithfully

Alan Shedden
Company Secretary

For further information please contact:

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Chief Executive Officer
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Richard Johnson
Chief Financial Officer
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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, SkyPoint, 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

Ardent Leisure Group
Comprising
Ardent Leisure Trust ARSN 093 193 438
(Manager: Ardent Leisure Management Limited ABN 36 079 630 676, AFS Licence No. 247010) and
Ardent Leisure Limited ABN 22 104 529 106

APPENDIX 4D

Half Year Report
for the period ended 31 December 2010

Name of Entity: Ardent Leisure Group

Results for announcement to the market

	6 months to 31 December 2010	6 months to 31 December 2009	Variance
	$'000	$'000	%
Revenue from ordinary activities	195,984	178,842	9.6
Profit (loss) from ordinary activities after tax attributable to members	22,302	9,715	129.6
Net Profit (loss) for the period attributable to members	22,302	9,715	129.6
Core Earnings	26,869	23,164	16.0

Distributions	Amount per stapled security
Current Period: Interim distribution	6.5¢
Previous Corresponding Period: Interim distribution	6.5¢
Record date for determining entitlements to the distribution	31 December 2010

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

Revenue from operating activities has increased by $17.1 million, 9.6%, to $196.0 million, mainly due to the following factors:

- Revenue from the Theme Parks has increased by $3.6 million, mainly due to the acquisition of Skypoint (previously known as QDeck), in Surfers Paradise, Queensland on 18 December 2009. This resulted in a $3.2 million increase in revenue compared to the prior period. In addition, Theme Parks attendance has increased significantly by 41.3% but is partially offset by a 24.5% decline in per capita spending;
- Revenue from the Marina division has increased by $0.6 million due to an increase in water and land occupancies;
- Revenue from the Bowling division has increased by $4.1 million, assisted by the successful opening of four new centres between April and September 2010;
- Revenue from Main Event Entertainment has increased by $1.2 million. The continued recovery of the US economy and a number of “value offers” have increased US$ revenues by US$3.0 million to US$24.0 million although this has been partially offset by exchange rate movements; and
- Revenue from the Health clubs division has increased by $7.6 million due to the acquisition of a portfolio of seven health clubs in Western Australia (Zest WA) on 12 April 2010 and growth in the revenues of existing clubs.

Profit attributable to investors for the period increased by $12.6 million, due to the following factors:

- Revenue factors outlined above flowed through to Divisional EBIT, resulting in an increase of $3.6 million;
- There were no revaluations on investment properties in the current period, however, a devaluation of $1.3 million was recorded in the prior period;
- The impairment of goodwill in the current period was $0.5 million compared to $8.5 million impairment in the prior period. The prior period related to an impairment in the intangible asset recognised on acquisition of the Manager;
- A gain of $1.3 million was recorded in the prior 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 SkyPoint during the prior period compared to nil in the current period;
- Pre-opening costs of $0.25 million were recorded in the current period compared to $0.05 million in the prior period;
- Borrowing costs increased by $0.4 million to $8.6 million due to an increase in interest rates; and
- Tax expense increased by $0.3 million.

Core earnings (as defined in Note 7 to the financial statements) represents the earnings of the Group after adding back unrealised items such as unrealised gains or losses on derivatives, unrealised property valuation gains and losses and one off capital items. Core earnings have increased by $3.7 million, 15.9%, to $26.9 million.

Refer to the attached Income Statement, Statement of Financial Position 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, $3.7 million was reinvested in the Group.

The last date for receipt of an election notice for participation in the DRP was 31 December 2010.

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 **31 December 2010**	**Previous corresponding Period** **30 June 2010**
*Net tangible asset backing per stapled security	$0.95	$0.92
Net tangible asset backing per stapled security after distribution	$0.89	$0.88

* 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	N/A
Date control was gained	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	Nil
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$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
Half Year Financial Statements
for the period ended 31 December 2010

The financial statements were authorised by the Directors of Ardent Leisure Limited and Ardent Leisure Management Limited on 15 February 2011. The Directors have the power to amend and reissue the financial statements.

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

The Directors of Ardent Leisure Management Limited (Manager) and the Directors of Ardent Leisure Limited present their report for Ardent Leisure Group (Group) for the half year ended 31 December 2010 (period). The Group comprises:

- Ardent Leisure Trust (Trust) as the parent entity and its controlled entities; and
- Ardent Leisure Limited (ALL) 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)
Roger Davis
Anne Keating
Greg Shaw
George Venardos.

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)
Roger Davis
Anne Keating
Greg Shaw
George Venardos.

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 28 February 2011. A provision has not been recognised in the financial statements at 31 December 2010 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:

	Segment Revenues 2010 $'000	Segment Revenues 2009 $'000	Segment EBIT* 2010 $'000	Segment EBIT* 2009 $'000
Theme parks	57,914	54,274	19,316	18,401
Marinas	11,159	10,560	4,900	4,005
Bowling centres	57,354	53,255	5,927	6,244
Family entertainment centres	25,169	23,951	2,217	1,321
Health clubs	43,447	35,856	6,836	5,921
Other	941	946	(96)	(330)
Total	**195,984**	**178,842**	**39,100**	**35,562**
Other expenses			(7,676)	(17,767)
Borrowing costs			(8,636)	(8,290)
Net tax expense			(806)	(469)
			21,982	9,036
Finance benefit attributable to non-controlling interest holders			320	701
Profit/(loss)			**22,302**	**9,737**
Core earnings			**26,869**	**23,164**

*Segment EBIT excludes pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, amortisation of Goodlife intangible assets and impairment of intangible assets.

Revenue from operating activities has increased by $17.1 million, 9.6%, to $196.0 million, mainly due to the following factors:

- Revenue from the Theme Parks has increased by $3.6 million, mainly due to the acquisition of Skypoint (previously known as QDeck), in Surfers Paradise, Queensland on 18 December 2009. This resulted in a $3.2 million increase in revenue compared to the prior period. In addition, Theme Parks attendance has increased significantly by 41.3% but is partially offset by a 24.5% decline in per capita spending;
- Revenue from the Marina division has increased by $0.6 million due to an increase in water and land occupancies;
- Revenue from the Bowling division has increased by $4.1 million, assisted by the successful opening of four new centres between April and September 2010;
- Revenue from Main Event family entertainment centres has increased by $1.2 million. The continued recovery of the US economy and a number of "value offers" have increased US$ revenues by US$3.0 million to US$24.0 million although this has been partially offset by exchange rate movements; and
- Revenue from the Health Clubs division has increased by $7.6 million due to the acquisition of a portfolio of seven health clubs in Western Australia (Zest WA) on 12 April 2010 and growth in the revenues of existing clubs.

Profit attributable to stapled security holders for the period increased by $12.6 million, due to the following factors:

- Revenue factors outlined above flowed through to Divisional EBIT, resulting in an increase of $3.6 million;
- There were no revaluations on investment properties in the current period, however, a devaluation of $1.3 million was recorded in the prior period;
- The impairment of goodwill in the current period was $0.5 million compared to $8.5 million impairment in the prior period. The prior period related to an impairment in the intangible asset recognised on acquisition of the Manager;
- A gain of $1.3 million was recorded in the prior 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 Skypoint during the prior period compared to nil in the current period;
- Pre-opening costs of $0.25 million were recorded in the current period compared to $0.05 million in the prior period;
- Borrowing costs increased by $0.4 million to $8.6 million due to an increase in interest rates; and
- Tax expense increased by $0.3 million.

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

Core earnings (as defined in Note 7 to the financial statements) represents the earnings of the Group after adding back unrealised items such as unrealised gains or losses on derivatives, unrealised property valuation gains and losses and one off capital items. Core earnings have increased by $3.7 million, 15.9%, to $26.9 million.

The Group's strategy is to focus on low cost affordable domestic leisure segments with mass market appeal. Over the past six years, the Group has diversified through the creation of five core operating divisions being Theme parks, Marinas, Bowling centres, Health clubs and Family entertainment centres in the US.

The Group's Theme parks and Marina divisions occupy strategic positions within their respective markets while the other three divisions provide a well established operating platform with organic growth opportunities to roll out new centres as conditions permit.

As a result, the Group is ideally positioned for growth and this is reflected in the results in the half year.

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

5. Value of assets

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Value of Group assets	693,687	696,979
Value of Group net assets	426,801	423,701

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

6. Interests in the Group

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

	Consolidated December 2010	Consolidated June 2010
Stapled securities on issue at the beginning of the period	308,768,308	241,064,789
Stapled securities issued	3,726,806	67,519,096
Stapled securities sold as part of ALL's executive securities plan	271,060	184,423
Stapled securities on issue at the end of the period	312,766,174	308,768,308

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 5.

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 $20.3 million will be paid on or before 28 February 2011 in respect of the half year ended 31 December 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 2010.

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
15 February 2011

Auditor's Independence Declaration

As lead auditor for the review of Ardent Leisure Group for the half year ended 31 December 2010, 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.

Brett Delaney
Partner
PricewaterhouseCoopers

Brisbane
15 February 2011

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ARDENT LEISURE GROUP
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Income			
Revenue from operating activities	3	195,984	178,842
Net gain on derivative financial instruments		1,453	1,900
Interest income		253	224
Gain on sale of assets		328	1,155
Total income		**198,018**	**182,121**
Expenses			
Purchases of finished goods		21,082	19,370
Salary and employee benefits		70,224	62,817
Borrowing costs		8,636	8,290
Property expenses		25,904	22,995
Depreciation and amortisation		14,838	13,711
Management base fee	4	-	427
Advertising and promotions		8,703	8,296
Repairs and maintenance		8,637	8,279
Pre-opening expenses		252	45
Business acquisition costs		18	2,058
Property valuation losses - investment properties		-	1,259
Impairment of goodwill	12	453	8,514
Other expenses	5	16,483	16,555
Total expenses		**175,230**	**172,616**
Profit before tax expense		**22,788**	**9,505**
US withholding tax expense		146	152
Income tax expense		660	317
Profit before finance costs attributable to non-controlling interest holders*		**21,982**	**9,036**
Finance costs attributable to non-controlling interest holders*		320	701
Profit		**22,302**	**9,737**
Attributable to:			
Stapled security holders		22,302	9,715
Non-controlling interest holders		-	22
Profit		**22,302**	**9,737**
Basic earnings per stapled security (cents)	7	7.16	3.26
Diluted earnings per stapled security (cents)	7	7.15	3.26

* Due to the classification of non-controlling interest holders in the various vessel owning companies as a financial liability, the share of profits and losses associated with non-controlling 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	20,330	19,725
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 2010

	Note	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Profit		22,302	9,737
Other comprehensive income:			
Cash flow hedges	15	1,291	1,190
Gain on buy out of joint venture partner	15	-	40
Revaluation of property, plant and equipment	15	3,352	3,745
Security-based payments	15	477	92
Foreign exchange translation difference	15	(15,171)	(9,070)
Other comprehensive income		**(10,051)**	**(4,003)**
Total comprehensive income		**12,251**	**5,734**
Total comprehensive income attributable to:			
Stapled security holders		12,251	5,712
Non-controlling interest holders		-	22
		12,251	**5,734**

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

ARDENT LEISURE GROUP
BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Current assets			
Cash and cash equivalents		14,775	11,843
Receivables		5,389	2,735
Derivative financial instruments	9	1,434	420
Inventories		8,804	8,170
Current tax receivables		937	1,355
Properties held for sale		16,500	16,500
Other		10,546	8,401
Total current assets		**58,385**	**49,424**
Non-current assets			
Investment properties	10	85,782	84,186
Property, plant and equipment	11	415,101	417,922
Interest bearing receivables		356	606
Derivative financial instruments	9	454	-
Livestock		406	430
Intangible assets	12	128,608	138,643
Deferred tax assets		4,595	5,768
Total non-current assets		**635,302**	**647,555**
Total assets		**693,687**	**696,979**
Current liabilities			
Payables		54,620	53,202
Derivative financial instruments	9	1,767	5,809
Interest bearing liabilities	13	15	1,014
Provisions		3,511	3,902
Other		2,590	2,198
Total current liabilities		**62,503**	**66,125**
Non-current liabilities			
Derivative financial instruments	9	1,055	2,046
Interest bearing liabilities	13	197,466	198,714
Provisions		965	854
Deferred tax liabilities		4,897	5,539
Total non-current liabilities		**204,383**	**207,153**
Total liabilities		**266,886**	**273,278**
Net assets		**426,801**	**423,701**
Equity			
Contributed equity	14	398,678	394,706
Reserves	15	(21,797)	(8,601)
Retained profits	16	49,920	37,596
Total equity		**426,801**	**423,701**

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

ARDENT LEISURE GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Share Capital $'000	Reserves $'000	Retained Profits $'000	Non-controlling Interests $'000	Total $'000
Consolidated						
Total equity at 1 July 2009		316,070	50,428	42,671	749	409,918
Total comprehensive income		-	(6,542)	12,254	22	5,734
Contributions of equity, net of issue costs	14	70,431	-	-	-	70,431
Distributions paid and payable	8	-	-	(18,803)	-	(18,803)
Reserve transfers	15	-	3,497	(3,497)	(771)	(771)
Reserve transfer - realised gain on sale of assets	15	-	(9,027)	9,027	-	-
Total equity at 31 December 2009		**386,501**	**38,356**	**41,652**	**-**	**466,509**
Total equity at 1 July 2010		394,706	(8,601)	37,596	-	423,701
Total comprehensive income		-	(10,051)	22,302	-	12,251
Contributions of equity, net of issue costs	14	3,685	-	-	-	3,685
Sale of stapled securities for ESP	14	287	-	-	-	287
Distributions paid and payable	8	-	-	(13,123)	-	(13,123)
Reserve transfers	15	-	(3,145)	3,145	-	-
Total equity at 31 December 2010		**398,678**	**(21,797)**	**49,920**	**-**	**426,801**

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 2010

	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Cash flows from operating activities		
Receipts from customers	187,695	175,647
Payments to suppliers and employees	(123,787)	(123,885)
Property expenses paid	(21,102)	(20,524)
Realised (loss)/gain on derivative financial instruments	(3,607)	226
Income tax refund	453	390
Interest received	260	169
US withholding tax paid	(149)	(184)
Net cash flows from operating activities	**39,763**	**31,839**
Cash flows from investing activities		
Payment for property, plant and equipment	(19,138)	(11,399)
Proceeds from sale of property, plant and equipment	2,386	27,556
Payment for purchase of businesses	-	(31,699)
Net cash flows from investing activities	**(16,752)**	**(15,542)**
Cash flows from financing activities		
Proceeds from borrowings	996,285	1,552,076
Repayment of borrowings	(997,068)	(1,607,481)
Borrowing costs	(9,683)	(8,259)
Repayment of principal of finance lease	(6)	(9)
Proceeds from issue of stapled securities	-	66,732
Costs on issue of stapled securities	(10)	(2,431)
Disposal of stapled securities	287	-
Distributions paid to stapled security holders	(9,428)	(12,673)
Net cash flows from financing activities	**(19,623)**	**(12,045)**
Net increase in cash and cash equivalents	**3,388**	**4,252**
Cash and cash equivalents at the beginning of the period	11,843	12,205
Effect of exchange rate changes on cash and cash equivalents	(456)	(275)
Cash at the end of the period	**14,775**	**16,182**

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 2010 are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

(a) Basis of preparation

This general purpose interim financial report for the interim half year reporting period ended 31 December 2010 has 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.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, these statements are to be read in conjunction with the annual statements of Ardent Leisure Group (Group) for the year ended 30 June 2010 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.

This financial report consists 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, this interim financial report has also been prepared in accordance with and complies 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), 1(h)(iv), 1(h)(v) 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.

Deficiency of current assets
As at 31 December 2010, the Group has a deficiency of current assets of $4.1 million. The majority of business sales are for cash whereas purchases are on credit resulting in a negative working capital position. Surplus cash is used to repay external loans which are classified as non-current liabilities so resulting in a deficiency of current assets at 31 December 2010. The Group has $40.7 million of available loan capacity at 31 December 2010 which can be drawn as required.

(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, a consolidated financial report has been prepared for the Group, as well as a separate financial report for ALL. The consolidated financial report combines the financial report for the Trust and ALL for the year. Transactions between the entities have been eliminated in the consolidated financial report 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*.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

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

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

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

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

(c) Investment properties

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

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

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

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

Where an independent valuation is 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.

1. Summary of significant accounting policies (continued)

(c) Investment properties (continued)

The 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.

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

(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.

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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.

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 – 4 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 the majority of economic benefits arise.

Other intangible assets
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 licences are amortised in a straight-line basis over the length of the licence 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.

The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (Note 19).

1. Summary of significant accounting policies (continued)

(f) Impairment of asset

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.

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 9. Movements in the hedging reserve in equity are shown in Note 15. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months. They are classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

(i) Derivatives that do not qualify for hedge accounting

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

(ii) Cash flow hedges

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

Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement.

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

(iii) Net investment hedges

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

1. Summary of significant accounting policies (continued)

(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.

(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.

1. Summary of significant accounting policies (continued)

(h) Employee benefits (continued)

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

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 otherwise been granted and payment is 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.

(v) Deferred STI – performance rights

Australian employees

From 1 July 2010, long term incentives are provided to certain executives under the Deferred STI plan. Under the terms of the Deferred STI, employees may be granted Deferred STI performance rights of which half will vest one year after grant date and half will vest two years after grant date subject to continued employment with the Group. The first set of performance rights were granted under the scheme on 16 December 2010, 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 Deferred STI 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 Deferred STI's service criteria.

The fair value of the performance rights granted under the Deferred STI 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 binomial tree methodology and then recognised over the vesting period during which employees become unconditionally entitled to the performance rights.

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 Deferred STI, 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 otherwise been granted and payment is 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 binomial tree methodology. 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.

1. Summary of significant accounting policies (continued)

(i) Tax

Income tax
The Trust is not subject to income tax. However, some of its controlled entities 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.

1. Summary of significant accounting policies (continued)

(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. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that further economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Revenue is recognised for the major business activities as follows:

(i) Rendering of services
Revenue from rendering of services including health club membership, theme park entry and bowling games 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 income
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.

(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 Sheet 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 2010, the spot rate used was A$1.00 = NZ$1.3137 (30 June 2010: A$1.00 = NZ$1.2262) and A$1.00 = US$1.0163 (30 June 2010: A$1.00 = US$0.8414). The average spot rate during the half year ended 31 December 2010 was A$1.00 = NZ$1.2874 (31 December 2009: A$1.00 = NZ$1.2379) and A$1.00 = US$0.9551 (31 December 2009: A$1.00 = US$0.8786).

1. Summary of significant accounting policies (continued)

(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 Sheet 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.

(m) Interest bearing liabilities

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

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Income Statement as other income or finance costs.

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

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

(n) Borrowing costs

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

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

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the period. The average capitalisation rate used was 6.52% per annum (2009: 5.35% per annum) for Australian dollar debt.

1. Summary of significant accounting policies (continued)

(o) Business Combinations

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

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

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Goodwill acquired is not deductible for tax.

Change in accounting policy
A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the Group recognises previously acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisitions of Ardent Leisure Management Limited and SkyPoint as disclosed in Note 17. Acquisition costs of $18,000 (2009:$2,058,000) have been expensed in the current period which would previously have been capitalised. These have been reversed out of core earnings.

(p) Rounding

The Group is a registered scheme of a kind referred to in Class Order 98/100 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.

1. Summary of significant accounting policies (continued)

(q) 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 2011 or later periods but which the Group has not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have a significant impact on the financial statements of the Group. The Group's and the parent entity's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and may affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that there should be no material impact on the Group's or the parent entity's financial statements. The Group has not yet decided when to adopt AASB 9.

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 a stapling agreement effective 1 July 2003.

3. Revenue from operating activities

	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Revenue from services	139,840	127,337
Revenue from sale of goods	45,404	42,236
Revenue from rentals	10,724	9,224
Revenue from management fees	16	45
Revenue from operating activities	**195,984**	**178,842**

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.

(c) Management fee calculation

The management fee paid externally to the Group, ie before 1 September 2009 is detailed as follows:

	Consolidated December 2010 $	Consolidated December 2009 $
Base management fee	-	426,586
	-	**426,586**

5. Other expenses

	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Audit fees	227	158
Consulting fees	122	349
Consumables	1,773	2,041
Custodian fees	48	55
Electricity	4,984	4,725
Foreign exchange loss - realised	136	52
Fuel and oil	537	274
Insurance	826	818
Legal fees	30	79
Merchant fees	2,080	2,013
Motor vehicles	352	321
Permits and fees	1,318	1,382
Printing, stationery and postage	1,072	1,222
Registry fees	80	200
Stapled security holder communication costs	96	36
State taxes	173	164
Stock exchange costs	30	96
Taxation fees	42	129
Telephone	803	825
Training	704	587
Travel costs	800	709
Valuation fees	10	6
Other	240	314
	16,483	**16,555**

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 2010 $	Consolidated December 2009 $
Audit services - Australia	202,337	161,536
Audit services - non-Australia	24,599	(3,866)
Taxation services - Australia	32,245	11,240
Taxation services non-Australia	9,877	117,604
	269,058	**286,514**

7. Earnings per stapled security

	Consolidated December 2010	Consolidated December 2009
Basic earnings per stapled security (cents)	7.16	3.26
Diluted earnings per stapled security (cents)	7.15	3.26
Core earnings per stapled security (cents)	8.63	7.78
Diluted core earnings per stapled security (cents)	8.62	7.77
Earnings used in the calculation of basic and diluted earnings per stapled security ($'000)	22,302	9,715
Earnings used in the calculation of core earnings per stapled security (refer calculation in table below) ($'000)	26,869	23,164
Weighted average number of stapled securities on issue used in the calculation of basic and core earnings per stapled security ('000)	311,428	297,668
Weighted average number of stapled securities held by ALL employees under the executive securities plan ('000)	337	526
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per stapled security ('000)	311,765	298,194

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. Under 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 2010 $'000	Consolidated December 2009 $'000
Profit used in calculating earnings per stapled security	22,302	9,715
Unrealised items		
- Unrealised gain on derivative financial instruments	(5,060)	(1,712)
- Unrealised loss on Goodlife put and call option	-	38
- Property valuation losses - investment properties	-	1,259
Non-cash items		
- Straight lining of fixed rent increases	1,274	1,105
- Impairment of goodwill	453	8,514
- Amortisation of Goodlife intangible assets	1,215	1,227
- Tax impact of amortisation of Goodlife intangible assets	(365)	(368)
Reserve transfers		
- Transfer from asset revaluation reserve[1]	2,843	2,539
Distributable earnings	**22,662**	**22,317**
One off realised items		
- Pre-opening expenses	252	45
- Business acquisition costs now expensed	18	2,058
- Termination of US$ interest rate swap	3,937	-
- Gain on sale of freehold land and buildings[2]	-	(1,256)
Core earnings	**26,869**	**23,164**

[1] The transfer from the 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 prior period, the Group sold eight AMF bowling freehold properties for $27.3 million or $26.0 million net of costs. Five of the properties were 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
2010 distributions for the half year ended:		
31 December 2010*	6.50	20,330
30 June 2010	4.25	13,123
2009 distributions for the half year ended:		
31 December 2009**	6.50	19,725
30 June 2009	7.80	18,803

* The distribution of 6.5 cents per stapled security for the half year ended 31 December 2010 was not declared prior to 31 December 2010. Refer to Note 22.

** 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.

9. Derivative financial instruments

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Current assets		
Forward foreign exchange contracts	1,434	420
	1,434	**420**
Non-current assets		
Interest rate swaps	454	-
	454	**-**
Current liabilties		
Forward foreign exchange contracts	189	-
Interest rate swaps	1,578	5,809
	1,767	**5,809**
Non-current liabilities		
Interest rate swaps	1,055	2,046
	1,055	**2,046**

Forward foreign exchange contracts
The Group has entered into forward foreign exchange contracts to buy US dollars and sell Australian dollars. These contracts total $nil (30 June 2010: A$0.2 million) and mature within 12 months.

The Group has entered into forward foreign exchange contracts to buy Euro and sell Australian dollars. These contracts total A$2.3 million (30 June 2010: nil) and mature within 12 months.

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$0.7620 (30 June 2010: A$1.00 = US$0.7594). These contracts total A$5.1 million (30 June 2010: A$6.6 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 2010: A$1.00 = NZ$1.2093). These contracts total A$5.3 million (30 June 2010: A$5.3 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 interest rate swap agreements totalling A$125 million (30 June 2010: A$75 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

The Group has also entered into US dollar interest rate swap agreements totalling US$nil (30 June 2010: 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. In November 2010, the US$45m interest rate swap which was due to maturing in September 2012 was terminated. The Group also has a US$45 million (30 June 2010: US$45 million) forward starting interest rate swap with start date in September 2012 and end date in September 2013.

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 2010 book value $'000	Consolidated June 2010 book value $'000
Excess land	(a)		2,874	626	3,500	3,500
d'Albora Marinas	(b)	(1)	69,748	12,534	82,282	80,686
Total Investment properties			**72,622**	**13,160**	**85,782**	**84,186**

As valued by:
(1) Greg Thomson, FAPI, Knight Frank, Valuation Services (NSW) Pty Limited independently valued the properties at 30 June 2010.

(a) Part of the excess land was transferred to properties held for sale during the prior period. It has been contracted to sell for $16.5 million but completion has yet to occur. 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 $6.7 million) is $89.0 million. All of the marinas were independently valued at 30 June 2010 at $88.0 million. At 31 December 2010, the Directors assessed the fair value of d'Albora Marinas to be $89.0 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 2010 $'000	Consolidated June 2010 $'000
Carrying amount at the beginning of the period	84,186	79,402
Additions	1,596	472
Revaluation increments	-	4,312
Carrying amount at the end of the period	**85,782**	**84,186**

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

	Consolidated December 2010 $'000	Consolidated December 2009 $'000
Revenue from investment properties	8,678	8,019
Property expenses incurred on investment properties	(1,149)	(1,327)

11. Property, plant and equipment

Consolidated

Property	Valuer	Cost $'000	Revaluation increments/ (decrements) $'000	Consolidated Dec 2010 book value $'000	Consolidated June 2010 book value $'000
Theme parks	(1), (2)	190,919	56,714	247,633	243,505
d'Albora Marinas	(3)	6,686	-	6,686	7,264
Bowling Group	(4)	81,003	1,900	82,903	79,904
Main Event	(5)	44,124	(4,320)	39,804	47,937
Goodlife	(6)	36,077	-	36,077	35,299
Other	(7)	1,998	-	1,998	4,013
Total property, plant and equipment		**360,807**	**54,294**	**415,101**	**417,922**

As valued by:

(1) The Directors have valued the Dreamworld and WhiteWater World theme parks including intangible assets at $238.3 million at 31 December 2010. Jones Lang LaSalle Hotels independently valued the two theme parks at $235 million at 30 June 2010.

(2) The Directors have valued the land and buildings of SkyPoint at $9.9 million at 31 December 2010. Jones Lang LaSalle Hotels independently valued the land and buildings of SkyPoint at $9.0 million at 31 December 2009. The land and buildings and remaining plant and equipment was valued by the Directors at 31 December 2010 and the fair value of SkyPoint was assessed to be $10.4 million.

(3) The Directors have valued the property, plant and equipment of d'Albora Marinas at $6.7 million at 31 December 2010.

(4) The Directors have valued the property, plant and equipment of the Bowling division at $82.9 million at 31 December 2010.

(5) The freehold land and buildings of the three family entertainment centres were independently valued by PGP Valuation Inc at 30 June 2010 at US$19.75 million (A$23.5 million). At 31 December 2010, the Directors assessed the fair value of the freehold land and buildings to be A$19.4 million (US$19.75 million) and the remaining property, plant and equipment to be A$20.4 million.

(6) The Directors have valued the property, plant and equipment of Goodlife at $36.1 million at 31 December 2010.

(7) Other assets include Ardent Boat Share and other corporate assets. At 31 December 2010, the Directors assessed the fair value of the remaining property, plant and equipment to be $2.0 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 2010 $'000	Consolidated June 2010 $'000
Carrying amount at the beginning of the period	417,922	450,485
Additions	17,670	41,414
Transfer to properties held for sale	-	57
Disposals	(2,057)	(2,682)
Depreciation	(13,542)	(25,928)
Foreign exchange movements	(8,403)	(2,220)
Revaluation increments/(decrements)	3,511	(43,204)
Carrying amount at the end of the period	**415,101**	**417,922**

12. Intangible assets

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Customer relationships		
Cost	9,981	9,981
Accumulated amortisation	(8,101)	(7,214)
Closing balance	1,880	2,767
Brand name		
Cost	6,539	6,539
Accumulated amortisation	(2,125)	(1,798)
Closing balance	4,414	4,741
Other intangible assets		
Cost	2,059	2,046
Accumulated amortisation	(1,583)	(1,523)
Closing balance	476	523
Goodwill		
Cost	133,610	141,931
Accumulated impairment charge	(11,772)	(11,319)
Closing balance	121,838	130,612
Total intangible assets	**128,608**	**138,643**

The movement in the cost of goodwill is predominantly due to the movement in the USD:AUD foreign exchange rate.

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 parks and Marinas 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. During the current period, the goodwill relating to the fractional boat ownership business was fully impaired as the business is in the process of being wound down, resulting in a $453,000 impairment charge.

13. Interest bearing liabilities

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Current		
Finance leases	15	15
Bank loan - term debt	-	999
Total current	**15**	**1,014**
Non-current		
Finance leases	40	46
Bank loan - term debt	198,757	199,527
Amortised costs - bank loan	(1,331)	(859)
Total non-current	**197,466**	**198,714**
Total interest bearing liabilities	**197,481**	**199,728**

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

13. Interest bearing liabilities (continued)

Credit facilities
As at 31 December 2010, the Group had access to the following facilities:

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Cash advance facility	-	133,962
Amount used	-	(114,700)
Amount unused	**-**	**19,262**
Loan note facility	-	80,000
Amount used	-	(80,000)
Amount unused	**-**	**-**
A$ syndicated facility	219,778	-
Amount used	(179,078)	-
Amount unused	**40,700**	**-**
US$ syndicated facility	19,679	-
Amount used	(19,679)	-
Amount unused	**-**	**-**
US facility		5,826
Amount used	-	(5,826)
Amount unused	**-**	**-**
Total facilities	239,457	219,788
Total amount used	(198,757)	(200,526)
Total amount unused	**40,700**	**19,262**

On 7 December 2010, the Group's loan facilities were refinanced. The cash advance, loan note and US facilities were replaced by a new A$219.8 million syndicated facility and US$20 million syndicated facility. A$159.8 million of the A$ facility and the US$20 million mature on 7 December 2013 and the remaining A$60 million of the A$ syndicated facility matures on 7 December 2014.

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 2010, including the impact of the interest rate swaps, is 7.09% for A$ denominated debt (30 June 2010: 7.05%) and 1.90% for US$ denominated debt (30 June 2010: 6.09%).

14. Contributed equity

No. of stapled securities	*Details*	*Date of income entitlement*	*Note*	Consolidated December 2010 $'000	Consolidated June 2010 $'000
241,064,789	Stapled securities on issue	30 Jun 2009			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
3,211,391	DRP issue	1 Jan 2010	*(i)*		5,404
1,916,248	Zest placement	1 Jan 2010	*(v)*		2,559
184,423	ESP - stapled securities sold	1 Jan 2010	*(ii)*		251
-	Issue costs paid				(2,440)
308,768,308	Stapled securities on issue	30 Jun 2010		394,706	394,706
3,726,806	DRP issue	1 Jul 2010	*(i)*	3,695	
271,060	ESP - stapled securities sold	1 Jul 2010	*(ii)*	287	
-	Issue costs paid			(10)	
312,766,174	**Stapled securities on issue**	**31 Dec 2010**		**398,678**	**394,706**

(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) Executive securities 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 were 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 were entitled to the distribution payable for the six months ended 31 December 2009.

(v) Zest placement

On 12 April 2010, the Group issued 1,916,248 stapled securities at an issue price of $1.66 per security to Zest Health Clubs Limited as part consideration to acquire seven health clubs. Fair value of the stapled securities on the date of issue was assessed as $1.3354. The securities were entitled to the distribution payable for the six months ended 30 June 2010.

15. Reserves

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Asset revaluation reserve		
Opening balance	20,101	76,099
Revaluation - Dreamworld	1,613	(46,747)
Revaluation - Bowling Group	625	3,072
Revaluation - Goodlife	789	1,510
Revaluation - Main Event	484	-
Revaluation - Main Event - tax impact	(159)	-
Transfer to retained profits of revaluations previously booked on asset sales	-	(12,209)
Transfer to retained profits - unrealised items	-	3,591
Transfer from retained profits - realised items	(2,843)	(5,215)
Closing balance	20,610	20,101
Capital reserve		
Opening balance	(4,052)	(3,470)
Transfer to retained profits - unrealised items	(302)	(582)
Closing balance	(4,354)	(4,052)
Cash flow hedge reserve		
Opening balance	(1,993)	(2,864)
Movement in effective cash flow hedges	1,291	871
Closing balance	(702)	(1,993)
Foreign currency translation reserve		
Opening balance	(21,904)	(18,412)
Translation of foreign operations	(15,171)	(3,492)
Closing balance	(37,075)	(21,904)
Stapled security-based payment reserve		
Opening balance	388	259
Option expense	477	129
Closing balance	865	388
Employee share plan reserve		
Opening balance	(4)	(7)
Expense	-	3
Closing balance	(4)	(4)
Performance fee reserve		
Opening and closing balance	1,132	1,132
Goodlife put and call option reserve		
Opening balance	(2,269)	(2,309)
Gain on buy out of joint venture partner	-	40
Closing balance	(2,269)	(2,269)
Total reserves	**(21,797)**	**(8,601)**

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 non-controlling interests.

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity as described in 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 relevant period. The performance fee of $1.1 million was earned in the period to 30 June 2009. On the internalisation of the Manager, the performance fee payment was waived by Macquarie Group Limited but under the accounting standards the reserve is not reversed.

The Group had the option to acquire the non-controlling interests in Ardent Leisure Health Clubs 1 Pty Limited. In accordance with AASB 132 *Financial Instruments: Presentation*, on first recognition the Group recorded the potential obligation under the put option on the Balance Sheet as a financial liability calculated as the present value of the redemption amount on the first exercise date. Under the Group's economic equity approach, the initial recognition of the redemption amount was recorded in the Goodlife put and call option reserve. Movements in the financial liability due to changes in the expected redemption amount and unwinding of the present value discount will be taken to the Income Statement as finance costs in subsequent periods. During the prior period, the Group acquired the remaining interest in Ardent Leisure Health Clubs 1 Pty Limited but due to the accounting standards, the reserve remained. In addition, during the prior 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 2010 $'000	Consolidated December 2009 $'000
Retained profits - realised items		
Opening balance	56,436	49,779
Distributable earnings	22,662	22,317
Available for distribution	79,098	72,096
Transfer from asset revaluation reserve of revaluations previously booked on asset sales	-	9,027
Distribution paid and payable	(13,123)	(18,803)
Closing balance	65,975	62,320

The distribution of 6.5 cents per stapled security for the half year ended 31 December 2010 totalling $20.3 million had not been declared at period end. This will be paid on or before 28 February 2011 as described in Note 22.

Retained profits - unrealised items		
Opening balance	(18,840)	(7,108)
Property valuation losses - investment properties	-	(1,259)
Transfer from capital reserve	302	94
Transfer from asset revaluation reserve	-	(3,591)
Straight lining of fixed rent increases	(1,274)	(1,105)
Unrealised gain on derivative financial instruments	5,060	1,712
Unrealised loss on Goodlife put and call option	-	(38)
Impairment of goodwill	(453)	(8,514)
Amortisation of Goodlife intangible assets	(1,215)	(1,227)
Tax impact of amortisation of Goodlife intangible assets	365	368
Closing balance	(16,055)	(20,668)
Total retained profits	**49,920**	**41,652**

17. Business combinations

Current period
There were no business combinations during the half year ended 31 December 2010.

Prior 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 prior period (refer to Note 12).

17. Business combinations (continued)

Prior 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)**

SkyPoint

On 18 December 2009, the Group acquired SkyPoint, 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 asset was known as QDeck before being rebranded in December 2010.

The acquired business contributed revenues of $2.9 million and a net profit of $0.8 million to the Group for the period from 18 December 2009 to 30 June 2010. If the acquisition had occurred on 1 July 2009, the consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been revenue of $5.4 million and a profit of $1.5 million

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	9,695
Goodwill	**3,584**

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	699	699
Deferred tax assets	17	17
Payables	(130)	(130)
Employee provision	(57)	(57)
Net identifiable assets acquired	**9,695**	**9,695**

18. Net tangible assets

	Consolidated December 2010 $'000	Consolidated June 2010 $'000
Net tangible assets are calculated as follows:		
Total assets	693,687	696,979
Less: Intangible assets	(128,608)	(138,643)
Less: Total liabilities	(266,886)	(273,278)
Net tangible assets	**298,193**	**285,058**
Total number of stapled securities on issue	312,766,174	308,768,308
Net tangible asset backing per stapled security	$0.95	$0.92

19. Segment information

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

Theme parks
This segment comprises Dreamworld and WhiteWater World in Coomera, Queensland and the SkyPoint Observation Deck in Surfers Paradise, Queensland.

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

Bowling centres
This segment comprises 48 centres located in Australia and New Zealand.

Family entertainment centres
This segment comprises of nine Main Event sites in Texas, United States of America.

Health clubs
This comprises 39 centres 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 consulting to the Adventure World theme park in Perth, Western Australia.

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 been for internal reporting purposes.

The main Income Statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA before property costs and after property costs. In addition, depreciation and amortisation are analysed by division. Each of these Income Statement items is looked at after adjusting for pre-opening expenses, straight lining of 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.

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.

Business segment December 2010

	Theme parks $'000	Marinas $'000	Bowling centres $'000	Family entertainment centres $'000	Health clubs $'000	Other $'000	Total $'000
Revenue	**57,914**	**11,159**	**57,354**	**25,169**	**43,447**	**941**	**195,984**
Divisional EBITDA before property costs(1)	**22,714**	**6,385**	**20,316**	**7,672**	**16,537**	**301**	**73,925**
Divisional EBITDA(2)	**21,637**	**5,236**	**9,703**	**4,568**	**8,435**	**301**	**49,880**
Depreciation and amortisation(3)	(2,321)	(336)	(3,776)	(2,351)	(1,599)	(397)	**(10,780)**
Divisional EBIT(4)	**19,316**	**4,900**	**5,927**	**2,217**	**6,836**	**(96)**	**39,100**
Pre-opening costs, straight lining of rent, IFRS depreciation, Goodlife intangible asset amortisation and impairment of goodwill not included in Divisional EBIT(4)							**(6,037)**
Derivative gains							**1,453**
Corporate costs including gains on sale of assets, interest income and foreign exchange gains and losses							**(3,092)**
Borrowing costs							**(8,636)**
Net tax expense							**(806)**
Finance costs attributable to non-controlling interest holders							**320**
Profit							**22,302**
Total assets	285,920	90,875	111,741	85,977	102,921	16,253	**693,687**
Acquisitions of property, plant and equipment, investment properties and intangible assets	6,146	1,363	7,097	2,055	2,426	180	**19,267**

(1) Excludes pre-opening costs of $252,000.
(2) Excludes straight line rent of $1,274,000 and pre-opening costs of $252,000.
(3) Excludes IFRS depreciation of $2,843,000 and amortisation of Goodlife intangible assets totalling $1,215,000.
(4) Excludes pre-opening costs of $252,000, straight lining rent of $1,274,000, IFRS depreciation of $2,843,000, amortisation of Goodlife intangible assets of $1,215,000 and impairment of goodwill of $453,000.

19. Segment information (continued)

Business segment December 2009

	Theme parks	Marinas	Bowling centres	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 non-controlling 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 intangible assets of $1,227,000 and impairment of goodwill of $8,514,000.

20. Contingent liabilities

Unless otherwise disclosed in the financial statements, there have been no material contingent liabilities since the last financial report.

21. Related party transactions

There have been no new material related party transactions in the half year to 31 December 2010. The financial report for the year ended 30 June 2010 provided further details on the nature of previous related party transactions.

22. 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 $20.3 million will be paid on or before 28 February 2011 in respect of the half year ended 31 December 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 2010.

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 6 to 40 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 2010 and of its performance, for the financial half year 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
15 February 2011

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 report of Ardent Leisure Group (the consolidated entity), which comprises the balance sheet as at 31 December 2010, 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, selected explanatory notes and the directors' declaration. The consolidated entity comprises of Ardent Leisure Trust (the trust), Ardent Leisure Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 2010 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 management.

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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 2010 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

Brett Delaney
Partner

Brisbane
15 February 2011