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ARDENT
LEISURE

28 September 2009

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

ASX RELEASE

Dear Sir/Madam

ANNUAL REPORT 2009

Please find attached the Ardent Leisure Group Annual Report 2009 for release to the market in accordance with Listing Rule 4.7.

Yours faithfully

Alan Shedden
Company Secretary

Ardent Leisure Annual Report 2009

ARDENT
LEISURE

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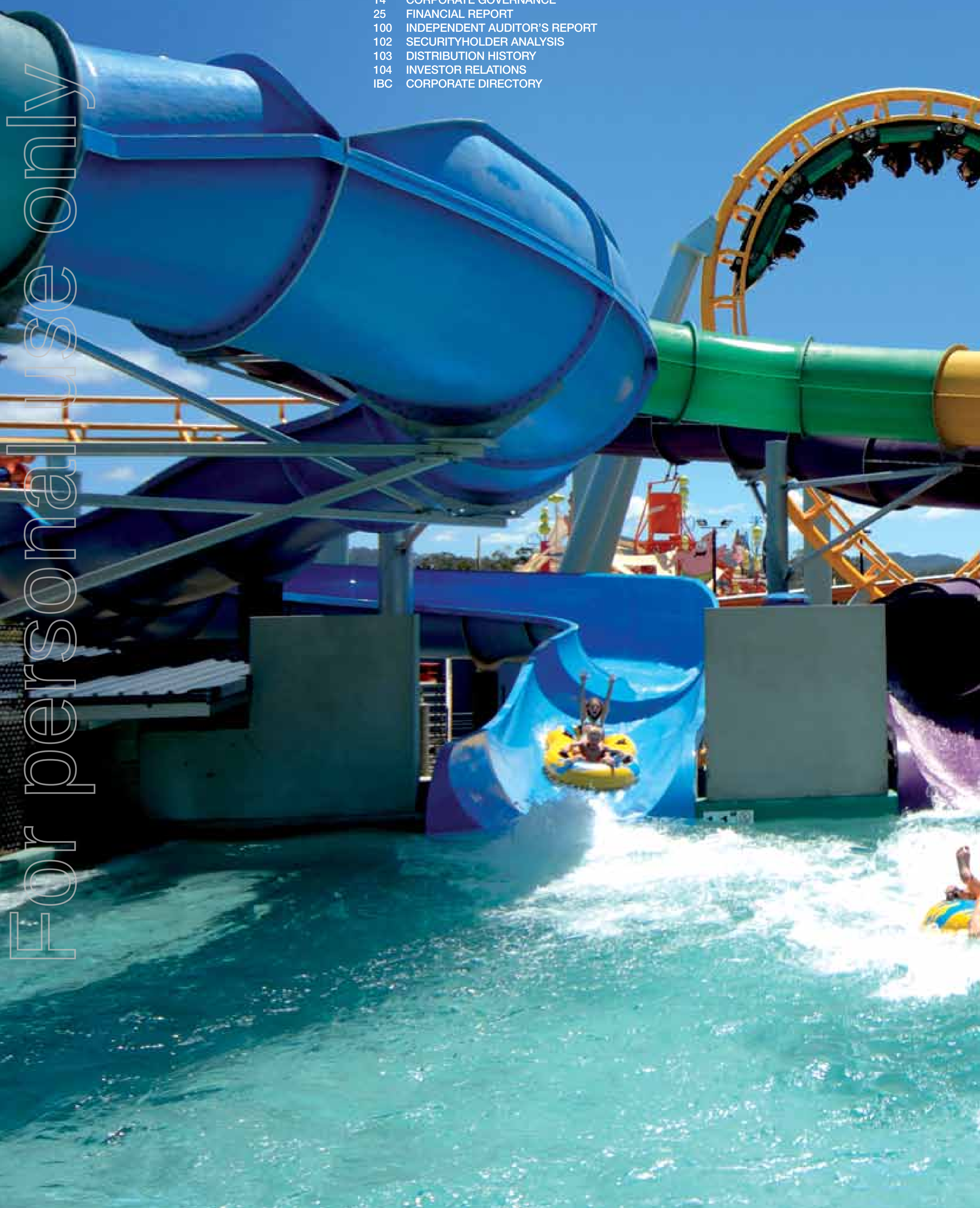
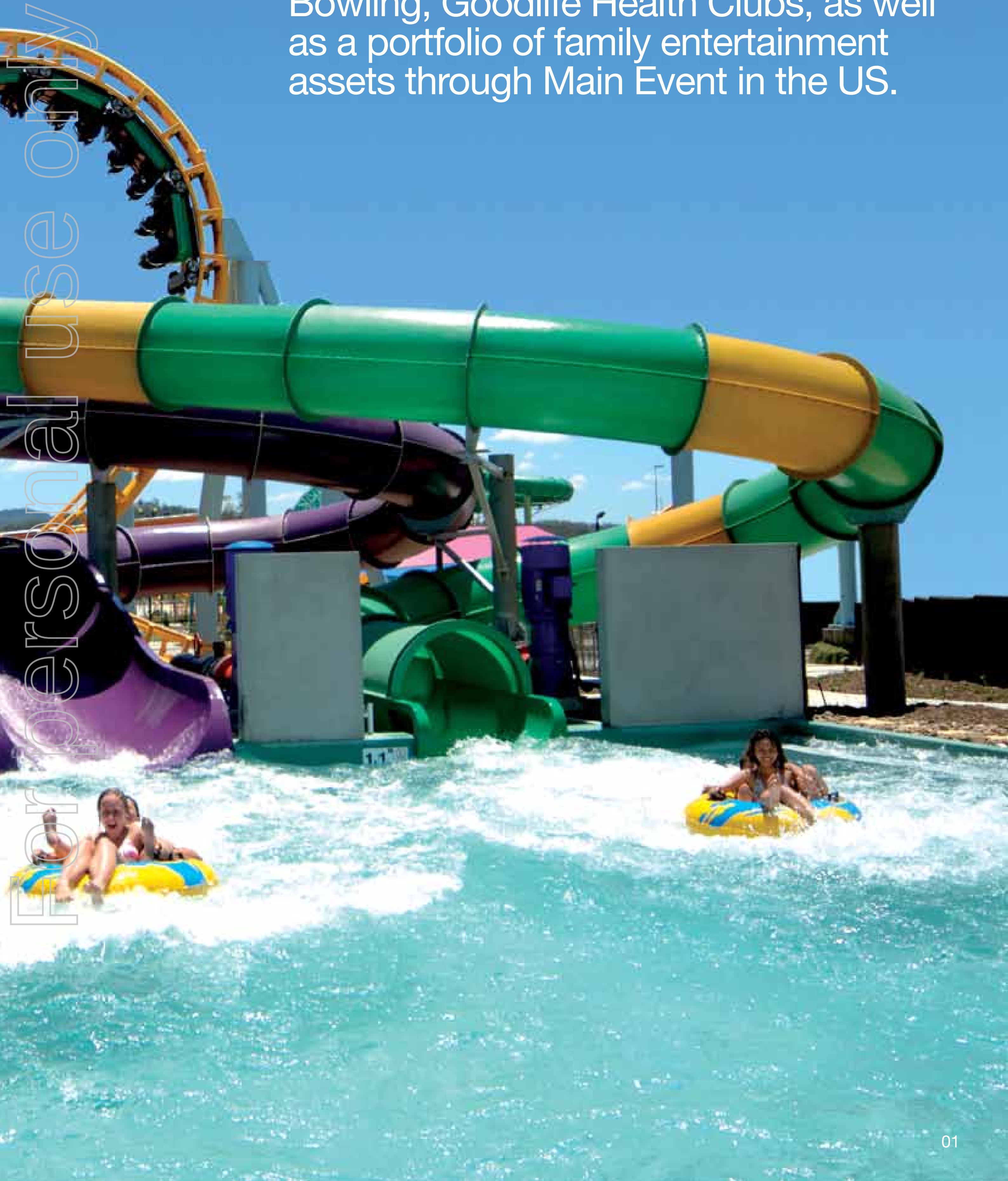
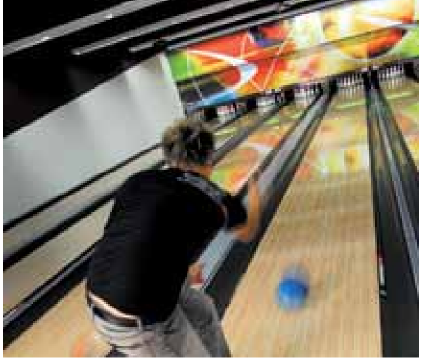


Ardent Leisure is one of Australia's most successful owners and operators of premium leisure assets including Dreamworld, WhiteWater World, d'Albora Marinas, AMF and Kingpin Bowling, Goodlife Health Clubs, as well as a portfolio of family entertainment assets through Main Event in the US.




Message from the Chairman and the Chief Executive Officer

Since our last report to securityholders we have faced some of the most challenging operating conditions on record. In light of these conditions, it is pleasing to report that the Ardent Leisure Group has achieved the following strategic objectives:

- delivery of record core earnings of $45.2 million;
- completion of a capital management strategy that has strengthened the Group's balance sheet and created additional funding capacity; and
- internalisation of management to position the Group for the next stage of growth.

These achievements have ensured that the Group is in a strong position to take advantage of both organic and strategic growth opportunities that are anticipated to emerge as the economy moves into a recovery phase.

The Group has, however, not been immune to the deterioration in global property and financial markets with non-cash property devaluations and unrealised losses on derivatives negatively impacting on statutory earnings.

Delivery of record core earnings of $45.2 million

The strong operating result has reinforced our strategy to focus upon low cost affordable leisure segments with mass market appeal. This strategy, together with hands-on management at all levels of our organisation, has helped minimise the impact of a slowing economy.

The Dreamworld business recorded a solid result in the face of unprecedented local competition and the general downturn in domestic tourism. Earnings for the period fell 6.3%, with strong operating efficiencies partly offsetting the impact of lower attendances from all market segments.

During the year, we added further attractions to complement the unique blend of thrill rides, entertainment and brand partnerships. The new "Alien vs Predator" laser combat experience provides patrons with a new dimension of interactive participation that has already become a family favourite.

The popularity of the World Pass ticket type saw WhiteWater World drive total attendance to 572,000 patrons, an uplift of 16.5% on the prior year. While the park recorded a lower per capita spend, the strategy has helped WhiteWater World deliver earnings only 5.3% less than the prior year. The effective utilisation of the Dreamworld management team and cross promotion with the Dreamworld business saw exceptional operating margins continue.

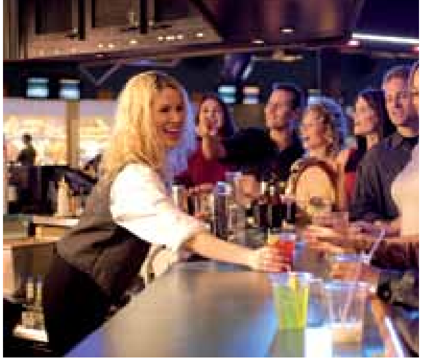
The benefit of prime locations in some of Australia's most popular recreational waterways saw d'Albora Marinas grow earnings by 3.2% on the prior year. Occupancies were maintained at high levels, with rate growth contributing to an overall increase in berthing revenues of 6.5% while land revenues for the period matched those of the prior year despite a number of tenants reporting lower turnover.

The bowling business has also maintained positive momentum, reflecting the increased popularity of this low cost, affordable activity that appeals to a broad range of age groups and demographics.

Earnings for the period grew 14.2% and were boosted by new sites delivering both higher revenues and higher margins than the constant centre portfolio. The introduction of M9 laser arenas into new venues has helped grow revenue levels, with this attraction proving to be an ideal complement to drive further patronage and spend particularly from children's birthday parties and corporate groups.

The Group will continue to actively pursue flagship sites in key metropolitan locations as we successfully reposition the bowling experience to expand the social play segment in the coming year. In line with other divisions, operating margins have again improved through labour productivity gains and a reduction in corporate overheads.

In the United States, the Main Event business was affected by a range of major economic, political and domestic events that impacted both local trading conditions and broader consumer sentiment. These events included the disruption of trading at our two Houston centres following Hurricane Ike, the reduction in revenue from corporate clients following the US financial and banking crisis and, in the final quarter, the outbreak of swine flu resulting in significant cancellations from major school groups particularly in the Dallas region. These specific events, together with a far more cautious and value conscious client base, saw earnings for the period fall by 17.7% as all market sectors reassessed their spending patterns. In line with other divisions, a relentless focus upon cost control and labour management saw operating margins maintained at 20.8% against 23.9% in the prior year.



The Goodlife Health Club business saw revenues and earnings grow substantially on the back of portfolio expansion and new developments completed through the course of the year. Following the acquisition of 10 Zest Health Clubs in April 2008, Goodlife is now the dominant operator in Brisbane and Adelaide. Despite the deterioration in trading conditions, constant centre membership numbers recorded a 4.5% increase over the 12 month period. In the coming year, the division will benefit from the maturing membership base at three new clubs opened during the year at Menai in New South Wales, North Adelaide in South Australia and Carousel in Western Australia.

Capital management initiatives

In order to strengthen the Group's balance sheet and provide additional funding capacity, a range of capital management initiatives were completed during the year. A total of $35 million of asset sales were completed or contracted by year end at or above book value, with a further $35 million currently in progress. The Group's banking covenants were restructured to utilise Group earnings rather than Trust earnings, thereby creating significant additional covenant headroom. A new US$10 million facility was established to support the Main Event business and, following the announcement of the proposed internalisation of Trust management, the Group successfully completed an institutional placement raising $41.7 million, together with a security purchase plan raising a further $25 million. These initiatives have ensured that the Group is well funded to actively pursue growth opportunities that are likely to arise as and when economic conditions and consumer sentiment demonstrate sustained recovery.

Management internalisation

On 25 June, a proposal to internalise management was announced to create a stand alone vehicle independent of the then current manager, Macquarie Group. The proposal was put forward by the Independent Directors as an opportunity to simplify the externally managed structure, strengthen the alignment with management and position the Group for the next stage of growth. The proposal received an overwhelming 98% approval in a general meeting of securityholders on 27 August. Completion of the transaction occurred on 1 September at which time the change of name to Ardent Leisure Group became effective.

We believe that the internalisation of the Group is an important step forward in our evolution which will provide far greater flexibility and autonomy to grow the business in the years ahead.

Strategy and outlook

Over the past five years, the Group has diversified through the creation of five core operating divisions. The AMF/Kingpin bowling, Goodlife Health Clubs and Main Event family entertainment divisions each provide well established operating platforms with organic growth opportunities to roll out new centres as conditions permit. Dreamworld, WhiteWater World and d'Albora all occupy strategic positions within their respective markets. As a result, the Group is ideally positioned to benefit as market conditions stabilise and move into the recovery phase.

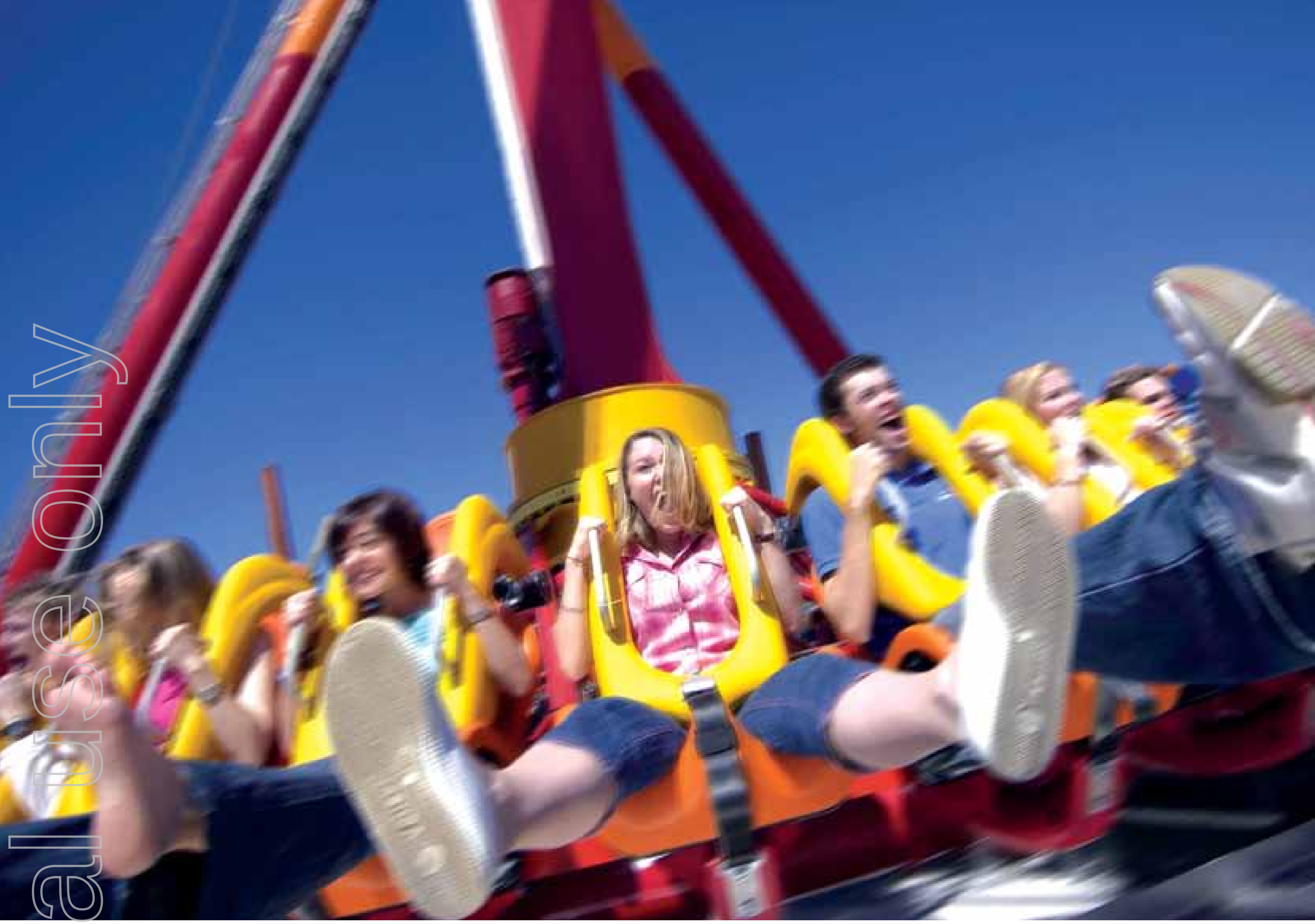
In the short term, our management team will however, remain focused on hands-on management to maintain operating margins and seek to introduce incremental revenue streams to offset the impact of any further deterioration in market conditions.

Once again, we would like to thank management and staff for their dedication in a trading period that has required substantial commitment of time and energy to meet a range of operating challenges.

We would also like to thank investors for their continued support and once again encourage you to experience the Group's assets through our enhanced investor benefits program.

Neil Balnaves
Chairman

Greg Shaw
Chief Executive Officer

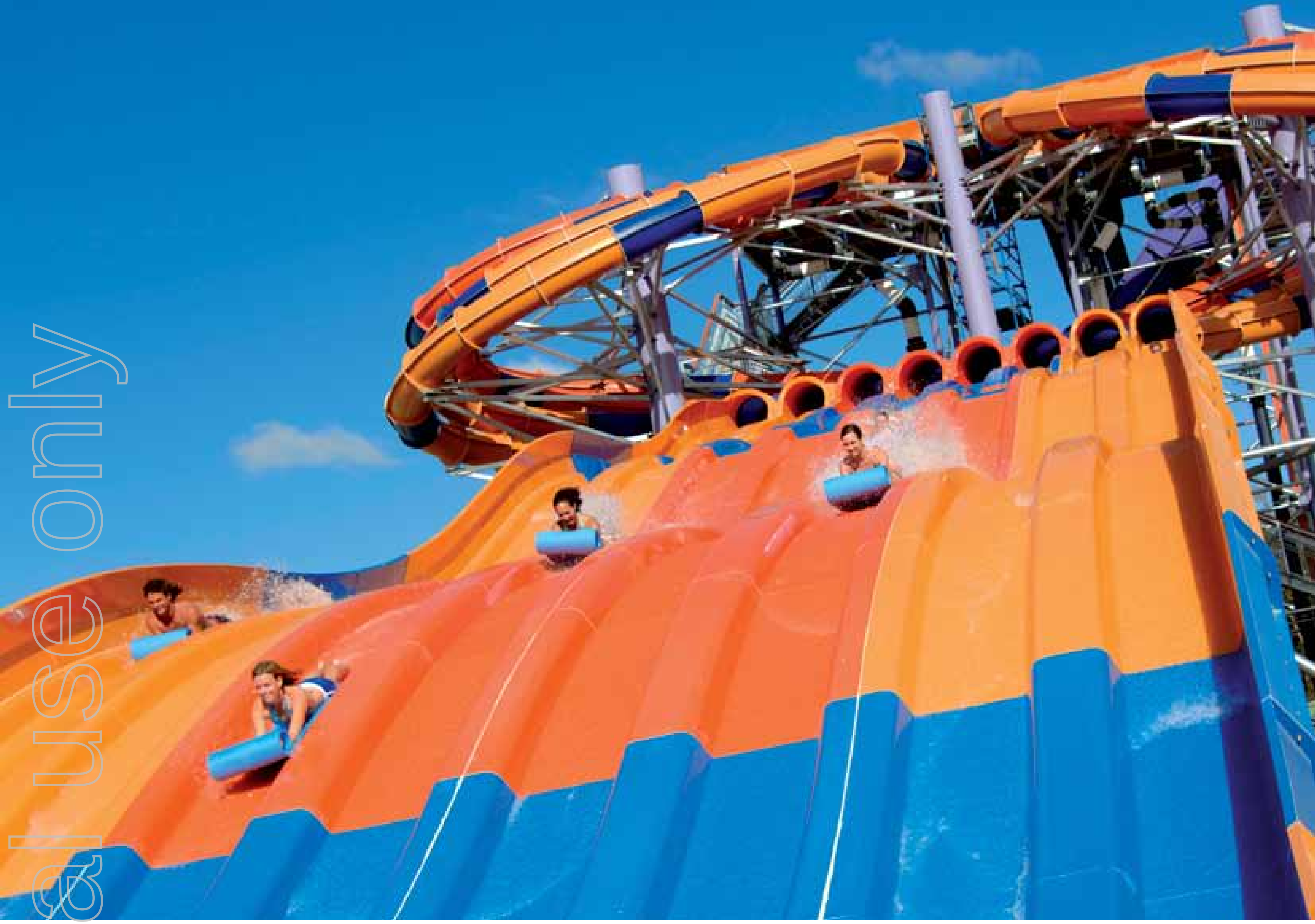


Dreamworld continues to lead the way in enhancing guest experiences

Dreamworld delivered a solid result in a period where patronage has been affected by unprecedented discounting by local competitors, a general softening in interstate travel to the Gold Coast and a weak international travel market.

Total revenues of $87.4 million were achieved, delivering earnings of $31.5 million down 6.3% on the prior year. While overall attendance fell by 5.1%, the success of “value-add” and up-selling promotions saw per capita spend increase 0.9% to $64.87. A continued focus upon operating cost and labour management saw operating margins maintained at 36% against 36.8% recorded in the prior year.

The Dreamworld result has been assisted by the ongoing success of new attractions delivering unique experiences. During the year, we introduced the Redline V8 Supercar simulator, providing guests with an opportunity to experience the thrills and spills of the iconic Bathurst race track. In April 2009, the “Alien vs Predator” next generation laser experience immersed our patrons in an interactive themed combat environment to test their skills against alien predators. Further cost effective new attractions will be added in the coming year as we continue to provide innovative cutting edge attractions to enhance the guest experience.

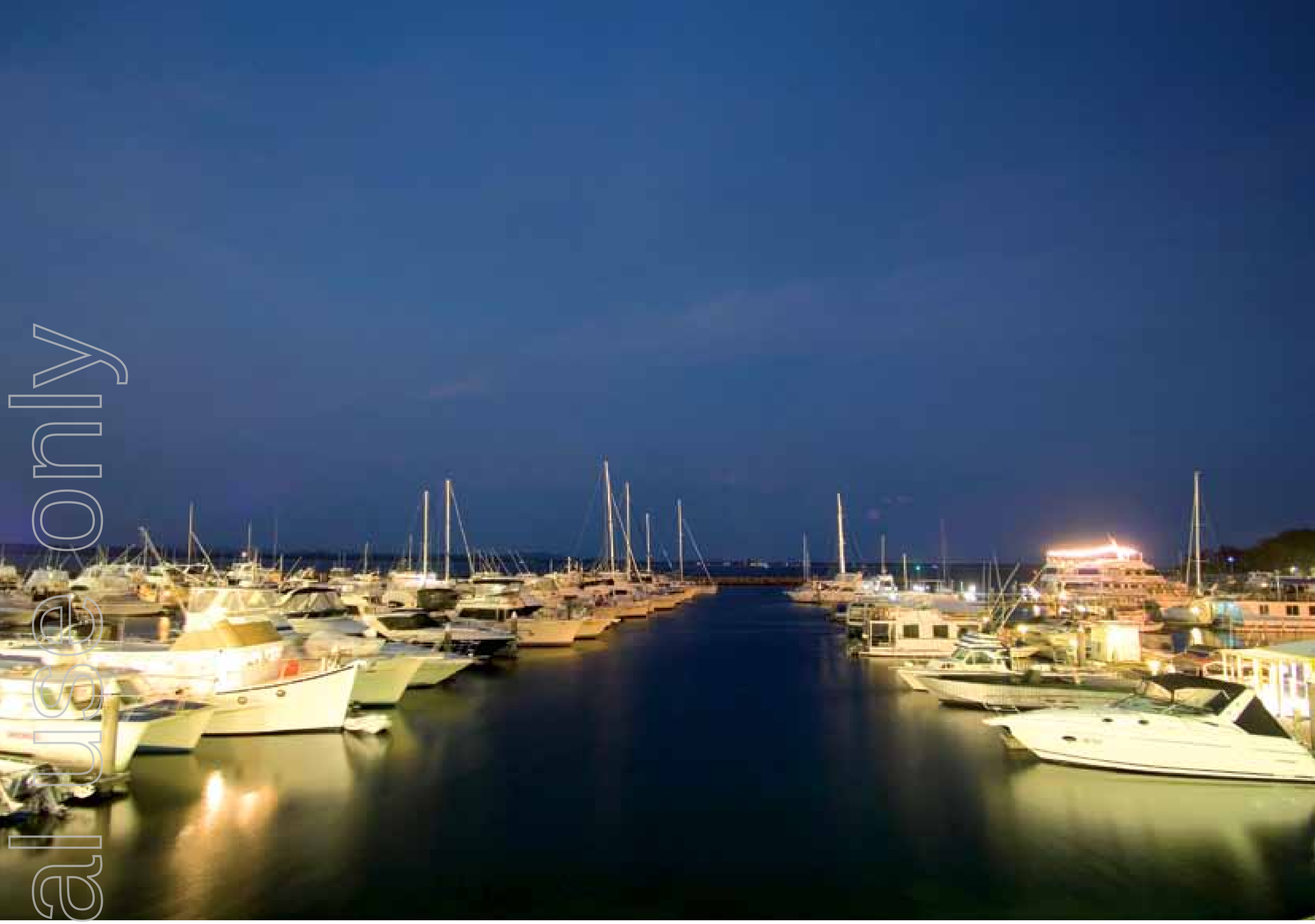


WhiteWater World benefits from World Pass popularity

WhiteWater World patronage grew by 16.5% during the year reflecting the success of the flexible World Pass ticket type.

Growth in attendance was largely driven by the active promotion of the 1 Day World Pass in the local market which allows our guests to experience both Dreamworld and WhiteWater World on the same day. The World Pass now represents some 68% of total WhiteWater World attendance, with the "co-location" advantage proving to be a unique selling point.

The increased number of 1 Day World Passes resulted in a lower per cap spend for the period, with total revenues of $16.2 million down 2.6% on the prior year. Earnings for the year equated to $7.1 million, with operating margins of 44% achieved through marketing and management cost synergies with the adjoining Dreamworld business.



d’Albora benefits from premium locations

d’Albora Marinas has delivered a 3.2% increase in earnings to $11.8 million on revenues of $22.7 million for the period.

Berthing revenues across the portfolio increased by 6.5%, driven by a combination of price and occupancy together with the positive impact of four additional berths at Rushcutters Bay and a further six berths at Cabarita Point. The prime locations of d’Albora Marinas have helped the portfolio maintain occupancies in an increasingly competitive market. While land tenants have reported lower turnover for the period, d’Albora’s land revenues were maintained at the prior year levels and the Group has been able to successfully re-let tenancies that expired during the course of the year.

AMF + Kingpin Bowling boosted by success of new sites

The positive momentum of the bowling division has continued in the year under review, with total revenues up 5% to $106.1 million and earnings up 14.2% to $34.3 million.

The result has been boosted by the success of the new centres developed over the course of the past 18 months, with flagship sites at Kingpin Harbourside, AMF North Strathfield, AMF Villawood and more recently AMF Joondalup all exceeding revenue and earnings expectations.

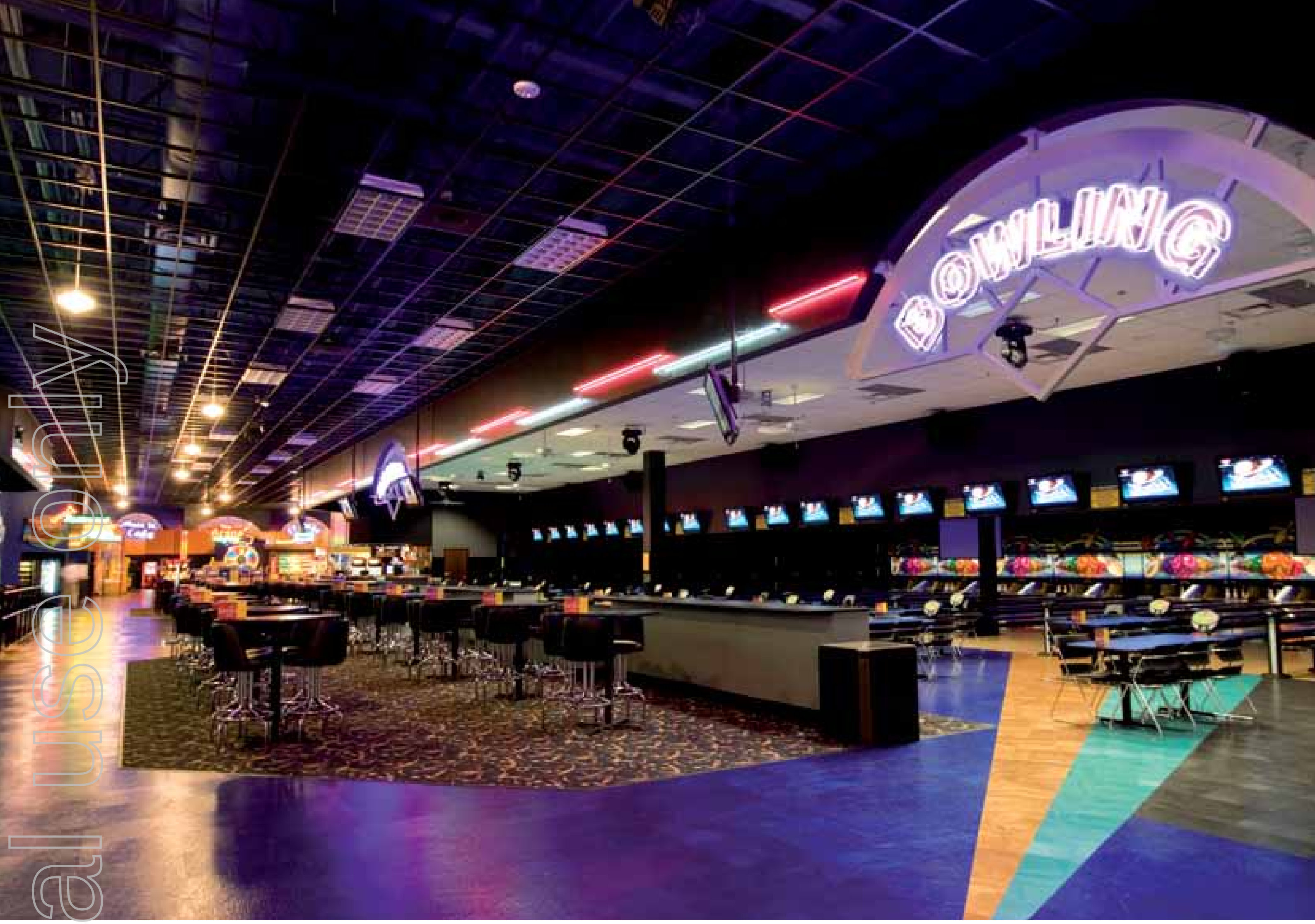
In the broader portfolio, lower game volumes from the first quarter were mitigated by increased yields as the mix of social play continues to increase. Despite an ongoing focus upon league recruitment and retention, competitive league bowling revenues have recorded steady declines. These declines have, however, been more than offset by growth in other segments.

Operating margins have again improved from 29.7% in the prior year to 32.4% in the current year. These improvements have reflected refinement of labour productivity with a particular emphasis upon off-peak trading periods.

Looking forward, a new AMF site at the Rooty Hill RSL Leagues Club is scheduled to open in April 2010. This site is ideally located within our core bowling demographic in Sydney's western suburbs, with the business to be complemented by the substantial membership base of one of Australia's largest RSL membership clubs.

After the successful introduction of M9 laser arenas at Kingpin Harbourside, AMF North Strathfield, AMF Villawood and AMF Highpoint in Melbourne, it is our intention to add further M9 laser facilities to selected AMF bowling centres to increase the product offer and complement our core bowling revenue streams.

In the Kingpin bowling division, demand for cost effective corporate entertainment saw Kingpin attract corporate clients anxious to maintain team building and corporate entertaining events in a more cost conscious market. In Melbourne, the proposed new 658 room $300 million hotel being developed as part of the Crown entertainment complex is set to boost the Kingpin Crown venue when the hotel opens early in 2010.



Main Event minimises impact of financial storm

Main Event recorded revenues of US$46.4 million representing a 5.4% decline on the prior year.

Divisional earnings totalled US$9.7 million, down 17.7%, as social and corporate clients pulled back on entertainment spending in the face of unprecedented economic, political and domestic events that unfolded throughout the year. In particular, the collapse of Lehman Brothers and near collapse of AIG saw our large corporate clients either cancel or reduce spending due to significant uncertainty regarding the US banking system and the future availability of finance. Following the stabilisation of conditions in the second half, the Main Event business was once again heavily impacted by the outbreak of swine flu which resulted in the suspension of school travel and closure of school districts to minimise the threat of infection. The outbreak came at the end of the school year when Main Event traditionally benefits from a substantial number of end of year parties and school formals.

In line with other divisions, an emphasis upon cost management initiatives helped maintain operating margins to 20.8% against 23.9% achieved in the prior year.

While the broader US economy is starting to show signs of improvement, this is yet to reflect in trading conditions and it is expected that a full recovery is likely to take some time. In the interim, our management team will continue to focus upon value for money offerings and targeted sales incentives to stimulate demand and capture increased market share.

While we remain confident that the Main Event business has exciting growth prospects in the medium term, the decision has been made not to open any new centres until a sustained recovery is evident and the business is consistently delivering revenue growth.

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Goodlife Health Clubs expand portfolio

Goodlife Health Clubs recorded total revenue of $69.4 million representing an 88.8% increase on the prior year.

Goodlife Health Clubs recorded total revenue of $69.4 million, representing an 88.8% increase on the prior year and reflecting a full year contribution from Goodlife clubs, the 10 Zest Health Clubs acquired in April 2008 together with increased revenues from new sites at Menai in New South Wales, North Adelaide in South Australia and Carousel in Western Australia.

Earnings for the period increased 89.8% to $26.5 million, again reflecting portfolio expansion.

Despite a general softening in the rate of membership growth after the first quarter, constant centre membership numbers remained 4.5% up over the 12 months to 30 June 2009. Average monthly revenues per member also increased 5.1% to $65.33.

With the rate of membership growth slowing, greater emphasis has been placed upon the creation of incremental revenue streams. A focus upon personal training during the year saw constant centre personal training revenue increase by 28% on the prior year as we more actively engaged our membership. Further initiatives are underway to introduce incremental corporate membership revenue and investigations are advanced in relation to a potential weight loss program to provide another dimension to our members' health management.

Ardent Leisure is committed to integrating sustainability into its business practices. We believe that a responsible approach to managing environmental and social issues makes good business sense. Recognising this, Ardent Leisure has identified key sustainability areas that relate to our current operations and that will continue to be a core consideration going forward.

Sustainability

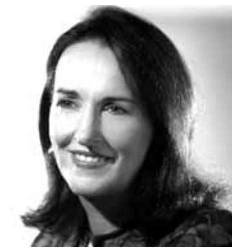
Ardent Leisure is committed to integrating sustainability into its business practices. We believe that a responsible approach to managing environmental and social issues makes good business sense.

Recognising this, the Group has identified key sustainability areas that relate to our current operations and that will continue to be a core consideration going forward:

- energy – improving the energy efficiency of our assets;
- water – responsible water management;
- responding to climate change – understanding our carbon footprint;
- managing waste – recognising the need to manage waste in a responsible manner; and
- community – supporting local community sustainability and philanthropic initiatives.

By reducing waste and better managing resources, we can deliver improved services for our existing customers, optimise our environmental performance and reduce operational costs.

In line with the Group's commitment to sustainability, each business has identified sustainability practices that will assist in reducing its environmental footprint. Each business has implemented a program to monitor and benchmark its energy and water consumption and has identified initiatives that will reduce consumption of scarce resources.



Neil Balnaves
Chairman of the Manager and the Company

Ardent Leisure Management Limited: Appointed 26 October 2001

Ardent Leisure Limited: Appointed 28 April 2003

Neil has worked in the entertainment and media industries for over 40 years, previously holding the position of Executive Chairman of Southern Star Group Limited. Neil is a Trustee Member of Bond University and has an Honorary Degree of Doctor of the University. Neil is a Director of Technicolor Australia Limited, serves on the boards of numerous advisory and community organisations and is a Foundation Fellow of the Australian Institute of Company Directors. In 2006, Neil established The Balnaves Foundation, a philanthropic fund that disperses more than $2 million annually in supporting eligible organisations that aim to create a better Australia through education, medicine, and the arts, with a focus on young people, the disadvantaged and Indigenous communities.

George Bennett
Director of the Manager and the Company

Ardent Leisure Management Limited: Appointed 30 March 1998

Ardent Leisure Limited: Appointed 1 September 2009

As the former Executive Chairman of KPMG Peat Marwick in Australia and a member of the KPMG International Executive Committee, George brings strong corporate governance experience to the boards. He is a Director of Macquarie Office Management Limited, manager of Macquarie Office Trust, Fantastic Holdings Limited and several private companies. His former directorships include Australian Pipeline Limited and Brazin Limited. George is a Fellow of The Institute of Chartered Accountants in Australia.

Roger Davis
Director of the Manager and the Company

Ardent Leisure Management Limited: Appointed 1 September 2009

Ardent Leisure Limited: Appointed 28 May 2008

A qualified certified practising accountant, Roger brings over 25 years experience in banking and investment banking in Australia, the US and Japan to the boards. Currently he is a Consulting Director at Rothschild (Australia) Limited and a Director of Aristocrat Leisure Limited, Trust Company Limited and TIO. He is also a director of Macquarie Office Management Limited, manager for Macquarie Office Trust, and Bank of Queensland. Previously, he was Managing Director at Citigroup where he worked for over 20 years and more recently was a Group Managing Director at ANZ Banking Group. His previous board experience includes the chairmanship of Esanda, along with directorships of ANZ (New Zealand) Limited, Magellan Financial Group Ltd and Citicorp Securities Inc. in the United States. He has a BEc (Hons) from the University of Sydney and an MPhil from the University of Oxford.

Anne Keating
Director of the Manager and the Company

Ardent Leisure Management Limited: Appointed 30 March 1998

Ardent Leisure Limited: Appointed 28 April 2003

Anne has over 20 years experience in the international airline industry. Her last executive role was as General Manager of United Airlines in Australia. She is a Director of Goodman Limited, STW Communications Group Limited and the Garvan Institute of Medical Research. Anne is also a Member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO), a Governor of the Cerebral Palsy Foundation and a Trustee of the Centennial Parklands and Moore Park Trust.

Alan Shedden
Company Secretary of the Manager and the Company

Ardent Leisure Management Limited: Appointed 1 September 2009

Ardent Leisure Limited: Appointed 1 September 2009

Alan was appointed Company Secretary of the Manager and the Company on 1 September 2009 upon completion of the internalisation proposal. Alan has over 10 years of experience as a Company Secretary and prior to joining the Group, held positions at Brookfield Multiplex and Orange, the mobile telecommunications subsidiary of France Telecom S.A. Alan holds a degree in business studies and is an Associate Member of the Institute of Chartered Secretaries and Administrators.

Management

Pictured L to R: Roy Menachemson, Noel Dempsey, Leon McNiece, Richard Johnson, Greg Shaw, Craig Karpin, Charlie Keegan, Jordan Rodgers

Greg Shaw
CEO

As Chief Executive Officer (CEO) of Ardent Leisure Group, Greg is responsible for the overall coordination of the Group's activities including strategy, acquisitions, financial management and operations.

Greg's previous 15 years experience in hotel and leisure operations focused on turning around underperforming hotel and resort properties. Indeed, during his 10 years at listed hotel owner and operator of Koala Corporation, he was instrumental in overhauling a portfolio of loss making hotel and resort properties to deliver profitable businesses.

Prior to joining Ardent, Greg was Managing Director of Port Douglas Reef Resorts Limited, a listed hotel owner and property development group. In this role, Greg was awarded the Australian Chartered Accountant in Business Award for a $6 million profit turnaround in two years. It is this experience that equipped Greg to steer Ardent Leisure's exceptional performance as Australia's best performing property trust in recent years

Richard Johnson
CFO

Richard became CFO of Ardent Leisure Group in December 2004. After practising as a chartered accountant in London from 1988 to 1993, he specialised in the sports and leisure industry where he now has 16 years experience.

From 1993 to 2003, Richard occupied a number of senior financial positions in Europe for IMG, the Mark McCormack Group of sports marketing companies.

Richard moved to Australia with his family in 2003 and was CFO and acting CEO of the Australian Soccer Association prior to joining Ardent Leisure Group.

Noel Dempsey
CEO Dreamworld and WhiteWater World

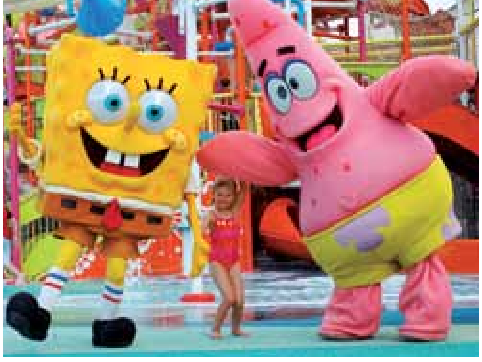
Noel joined Ardent Leisure Group as Group Chief Operating Officer in late 2007, transferring to the role of Dreamworld CEO in December 2008. Noel has had an extensive career in leisure and hospitality operations and his experience includes senior operational roles with KFC and Pizza Hut in Australia and Chief Operating Officer of the publicaly listed Restaurant Brands chain of 211 KFC, Starbucks and Pizza Hut properties across the New Zealand market. Immediately prior to joining Ardent Leisure, Noel held a senior operational management role with the Sky City Entertainment Group in Auckland, New Zealand being responsible for all non-gaming operations across this diversified group.

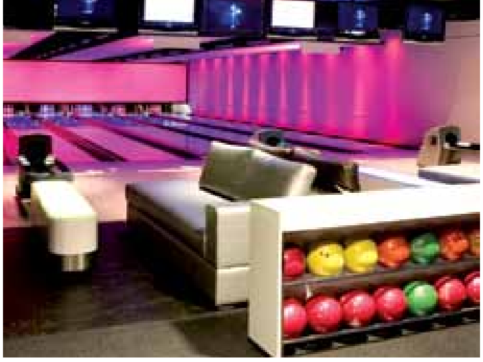
Craig Karpin
CEO d'Albora Marinas

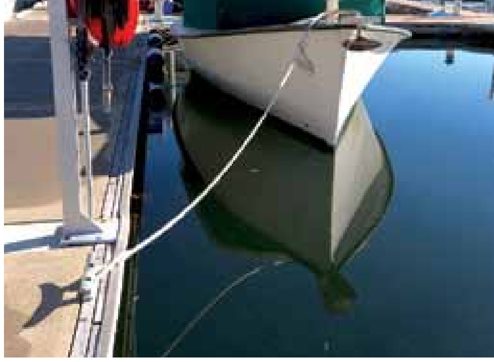
Craig joined d'Albora Marinas in April 2008, bringing extensive experience from a number of senior finance roles with ASX-listed companies. Craig began his career at Ernst & Young Chartered Accountants and has owned and operated a significant wholesale and retail fashion business.

Jordan Rodgers
CEO Bowling Operations

Jordan Rodgers joined AMF in May 2007 as Chief Operating Officer and assumed the role of CEO for AMF in September 2007. Jordan has 20 years experience in operations, development and consultancy in the hospitality industry. Most recent roles include General Manager, InterContinental Sydney for InterContinental Hotels Group, Director of Development for Rydges Hotels Limited (a division of Amalgamated Holdings) and Regional Manager Victoria/Tasmania for Rydges Hotels Limited. In addition, Jordan has held several hotel general management positions and consulted to the hotel industry in the areas of asset management, operator selection, acquisitions and due diligence.







Roy Menachemson
CEO Development – Bowling Operations

Roy has worked in the bowling division since acquisition in 2004. Originally heading up the business as CEO, Roy moved to the CEO Development role in 2007. In this role, Roy oversees new bowling centre developments and refurbishment of existing centres. Roy's experience in the leisure industry led to his role as the incumbent Chair of the Advisory Board at the School of Leisure, Sport and Tourism Management within the business faculty at the University of Technology Sydney.

Tim Innes
CEO Kingpin Bowling

Tim joined Ardent Leisure as AMF Operations Manager in 2005, moving to the role of CEO Kingpin Bowling in 2006. Prior to this, Tim had over 25 years experience in hospitality covering all areas of operations and management of hotels and resorts, night clubs, restaurants and retail liquor outlets. He has managed hotels and resorts under contract for various banks and receivers including Ferrier Hodgson, KPMG and PPB. Previous executive positions included Operations Manager of Koala Corporation, founder and CEO of Plaza Hotels Australia Pty Ltd and Managing Director of Travel Globe Holidays Pty Ltd.

Charlie Keegan
President and CEO
Main Event Entertainment

Charlie joined Main Event Entertainment in October 2006. Charlie has over 25 years of hospitality industry experience in North America, with extensive experience in the casual dining sector. From 1994 to 2006, Charlie occupied a number of key executive positions at Applebee's International, Inc. as the company grew from a regional restaurant chain to the world's largest casual dining concept with system-wide sales of over US$4.5 billion. Prior to joining Applebee's, Charlie led restaurant development efforts for a publicly traded US coffee roaster in New York City, and led the start up of two privately held restaurant companies.

Leon McNiece
CEO Goodlife Health Clubs

Leon began his career in the health industry in 1994 when he acquired his first gym lease in Melbourne. In 1998, Leon acquired another two centres before selling all three in 2000. In 2002, Leon started Goodlife Health Clubs with one centre in Queensland, before growing the business to nine centres across South East Queensland. Goodlife Health Clubs sold a majority shareholding to Colonial in 2006 with the business growing to 18 centres by September 2007 when it was acquired by Ardent Leisure Group.

Internalisation of management of Ardent Leisure Trust (formerly Macquarie Leisure Trust)

On 27 August 2009, Ardent Leisure Group securityholders voted to approve the internalisation of management of Ardent Leisure Trust (Internalisation). Following completion of the Internalisation on 31 August 2009, Ardent Leisure Group no longer has an association with the Macquarie Group, however, Macquarie has agreed to provide certain assistance on an as needs basis to Ardent Leisure Group under a Transitional Services Agreement.

The following Corporate Governance Statement relates solely to the corporate governance framework in operation during the financial year ended 30 June 2009. Following Internalisation, the Directors have initiated a review of the Group's corporate governance framework to ensure that it is appropriate for the new internalised structure.

Details of the revised corporate governance structure for the independent Ardent Leisure Group will be published in due course.

Related party transactions with Macquarie prior to Internalisation

Macquarie, as part of its existing business, was able to offer various resources in areas in which the Group sought professional services. Ardent Leisure Management Limited (Manager) had access to the resources available within Macquarie. Ardent Leisure Limited (Company) employed its own resources.

The resources provided by Macquarie were in accordance with a resources agreement, as amended from time to time, to assist the Manager to fulfill its duties and included the provision of services by senior executives such as the chief executive officer (CEO), chief financial officer (CFO), compliance manager and company secretary. Macquarie also appointed appropriately skilled executive and independent directors and monitored their performance to ensure that the Group continued to be managed appropriately.

Related party transactions with Macquarie entities were clearly identified and governed by rules such as being tested by reference to market standards or agreed guidelines or being benchmarked to independent third parties.

Examples of areas in which Macquarie provided resources or services were: equity underwriting, property due diligence, property management, property agency services (including facility management and leasing), project management, debt arrangement, accounting and corporate and development management and property compliance.

Amounts payable to a related party are subject to approval or ratification by the board with the interested directors abstaining.

ASX Corporate Governance Principles and Recommendations

In August 2007, Australian Securities Exchange's (ASX) Corporate Governance Council amended its Best Practice Recommendations (ASX principles).

The ASX principles are not prescriptive. Listed entities are required to disclose the extent of their compliance and to explain why if they have not adopted a recommendation.

Other than where specifically stated to the contrary, the corporate governance structure as described below complies with the amended ASX principles.

For information on the Group's corporate governance, please visit www.ardentleisure.com

Under the *Corporations Act 2001 (Cth)* (Corporations Act) and the general law of trusts, the Manager has a duty to manage the Trust in the best interests of members. The Corporations Act requires the Manager to, among other duties, act honestly, act in accordance with a duty of care and diligence and, if there is a conflict between the members' interests and its own interests, give priority to members' interests.

To conduct its activities, the Manager holds an Australian Financial Services Licence (AFSL) issued by the Australian Securities & Investments Commission (ASIC). To retain its AFSL, the Manager must comply with specific requirements. These include maintaining a required minimum level of solvency and properly training and supervising its employees and agents.

Under the Corporations Act, the Manager must administer the Trust in accordance with a written constitution and must also prepare and lodge with ASIC a detailed compliance plan.

The constitutions of the Trust, Company and of the Manager govern, among other things, how each must operate, the rights of members, and how remuneration of the manager is calculated. The Trust's compliance plan sets out the mechanisms in place to ensure compliance with the constitutions and the Corporations Act.

Corporate Governance statement

During the year to 30 June 2009, Ardent Leisure Trust (Trust) was managed by Ardent Leisure Management Limited from within the Real Estate Capital (REC) division of Macquarie Group Limited (Macquarie) up to 1 February 2009 and thereafter from within the Macquarie Capital Funds division. Units in the Trust are stapled to shares in Ardent Leisure Limited forming Ardent Leisure Group.

The corporate governance practices adopted by the Trust and by the Company differed slightly due to their different legal status. At the time of preparing this Annual Report, these practices are being reviewed in light of the internalisation of management of the Trust and the resulting separation from the Macquarie Group.

Other than where stated, the Company and the Manager comply with the ASX Recommendations.

Several of the recommendations are either not relevant or the Manager has decided not to implement them. These are:

- Recommendation 1.2 and 1.3. The Manager had not disclosed the process for evaluating the performance of senior executives as the Trust does not have employees;
- Recommendation 2.4. The Manager has not established a nomination committee; and
- ASX Recommendation 8.1 and 8.3. The Manager has not established a remuneration committee.

The Group

The Nature of the Group

Securities issued by the Group comprise one unit in the Trust which is contractually stapled to one share in the Company. Investors in the Group own an equal number of units in the Trust as they do shares in the Company.

The Trust is a registered managed investment scheme under the Corporations Act.

The Company leases assets from the Trust and carries on operational business activities.

Role of the Manager

The Manager's primary function is to manage the affairs of the Trust on behalf of securityholders.

Role of the Company

The Company's primary function is to manage and operate assets leased from the Trust in addition to the Company's assets. The Company employs staff to assist with this function.

The board of the Company (Board) is committed to achieving sound corporate governance practices.

Principle 1

Lay Solid Foundations for Management and Oversight

The Board charters detail the composition, roles and responsibilities of the Boards and their relationship with management to accomplish the Boards' primary role of promoting the long term health and prosperity of the Group.

As set out in the Board charter, the Board may delegate authority to Board committees and approve delegations to management. The management delegations of authority typically enable implementation of decisions such as capital expenditure, due diligence and aspects of property acquisitions and disposals. (ASX Recommendation 1.1).

Access to Independent Legal Advice

Each Director has the ability to request independent professional legal advice where that Director considers it necessary to carry out their duties and responsibilities. Any costs incurred as a result of the Director consulting an independent adviser will be borne by the Group, subject to the estimated costs being approved by the Chairman in advance.

Conflicts of interest

The Boards have guidelines for declaring and dealing with potential conflicts of interest which include Board members:

- declaring their interests as required under the Corporations Act, ASX Listing Rules and other general law requirements;
- with a material personal interest in a matter not being present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise; and
- with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.

The Boards have also established protocols for identifying, managing and highlighting conflicts.

Procedures have been put in place to resolve any conflicts that may arise from related party transactions.

Further, the Manager did not enter into transactions with a member of the Macquarie Group or where Macquarie had an interest (other than its role as Manager) unless that transaction had been approved by a majority of the independent directors. Macquarie executives who were directors would abstain from voting on these resolutions. In this context, "transactions" may have included approvals, consents, waivers and agreements.

In addition, directors are under a fiduciary duty to act in the best interests of members in relation to decisions when they are voting as a member of the Board. Further, the ASX Listing Rules may require member approval in relation to the acquisition and disposal of assets or transactions with persons in a position of influence.

Directors and staff of the Manager and the Company are expected to act with integrity and honesty.

Performance of key executives

Manager and Trust
The Trust has no employees. As resources were provided to the Trust by Macquarie, evaluating performance of key executives of the Trust is not applicable. (ASX Recommendation 1.2 and 1.3)

This represents a departure from ASX Recommendation 1.2 and 1.3 - the Manager has not disclosed the process for evaluating the performance of senior executives as the Trust does not have employees.

Macquarie profit share allocations are variable and can comprise a high proportion of total remuneration in the case of superior performance.

Whilst there is no set formula to determine profit share allocation, factors which are taken into account include operational performance of underlying assets, effective capital management, maintenance of reputation, leadership, management and total return for investors.

The remuneration of Greg Shaw as CEO was further aligned to the Group's investors by having 20% of his annual profit share withheld and subject to specific restrictions including a notional investment in the Group. Returns on this investment are based on the Group's performance until they vest which usually occurs within five to 10 years.

Macquarie evaluates semi-annually the performance of key executives. Both qualitative and quantitative measures are used, consistent with the dimensions for review of executive directors.

It should be noted that Mr Shaw ceased his employment arrangements with Macquarie following Internalisation and new remuneration arrangements have been put in place with the Company which is Mr Shaw's employer.

Company
The Company is required to disclose the remuneration of its directors. These details are disclosed in the remuneration report and Note 36 to the financial statements.

The Company's remuneration committee assists the Board to establish and to manage the remuneration of key Company executives. The performance of key executives of the Company is reviewed annually by the remuneration committee upon representations from management. Salary reviews and short-term incentives are approved based upon performance against pre-determined criteria including personal key performance indicators, overall Group performance and individual business unit performance.

Principle 2

Structure the Board to add value
The Board Charters reflect the objectives, roles and responsibilities of the Boards.

The Boards consider that their membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Boards collectively to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the business of the Group and the environment in which it operates so as to be able to agree with management the objectives, goals and strategic direction which will maximise investor value; and
- assess the performance of management in meeting those objectives and goals.

Appointment criteria
The following guidelines apply to director selection and nomination.

Candidates for directorship must possess:

- integrity;
- particular expertise (sector and functional) and the degree to which they complement the existing Boards;
- reputation and standing in the market; and
- in the case of prospective independent directors prior to Internalisation, independence from Macquarie.

A letter of appointment is issued to new independent directors to ensure they are advised of their responsibilities, and are aware of the resources the Manager and the Company can provide.

In accordance with the above criteria, all nominations to the Boards prior to Internalisation were approved by Macquarie, which was able to manage the selection and appointment of new directors. Macquarie also nominated executives to the Boards.

Membership of the Boards is set out below. Details of each current director's background are set out on page 28 and 29 of the Annual Report. (ASX Recommendation 2.6)

Board of the Manager

Board composition	Board membership	Date of appointment
Neil Balnaves	Independent Chairman	26 October 2001
George Bennett	Independent Director	30 March 1998
Anne Keating	Independent Director	30 March 1998
Simon Jones	Executive Director	18 May 2005 Resigned 1 September 2009
John Wright	Executive Director	10 May 2007 (1) Resigned 1 September 2009
Roger Davis	Independent Director	1 September 2009

(1) Previously an Alternate Director from 18 May 2005

Board of the Company

Board composition	Board membership	Date of appointment
Neil Balnaves	Independent Chairman	28 April 2003
Roger Davis	Independent Director	28 May 2008
Anne Keating	Independent Director	28 April 2003
John Wright	Executive Director	28 November 2007 (1) Resigned 1 September 2009
George Bennett	Independent Director	1 September 2009

(1) Previously an Alternate Director from 18 May 2005.

The Manager's constitution provides that the maximum number of directors shall be 12 unless amended by a resolution of members. The Company's constitution provides that the maximum number of directors shall be 10 unless amended by a resolution of members.

The number of directors necessary to constitute a quorum at a Board meeting of the Manager and the Company is two directors present in person or by proxy.

Independent directors

Macquarie, the Manager and the Company recognised that independent directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable.

A majority of each Board were independent directors during the year to 30 June 2009. (ASX Recommendation 2.1)

Macquarie, the Manager and the Company believe that independence is essentially a state of mind evidenced by an ability to constructively challenge and independently contribute to the work of the Boards. The importance of independence, determined by objective criteria, is acknowledged as being desirable to protect investor interests and optimise the financial performance of the Trust and the Company and returns to investors.

The independence of directors was assessed annually in accordance with the Macquarie Group Managed Funds definition of Independent Director. The definition is located in the Corporate Governance section in Macquarie Managed Funds summary which is available on Macquarie's website.

A director would be considered independent if not a member of management and if he/she meets the following criteria (to the satisfaction of Macquarie):

— must be appointed in a non-executive capacity and therefore must not be a director, officer or employee of any Macquarie Group entity;

— must not be a substantial shareholder of: Macquarie or the Fund; or a company holding more than 5% of the voting securities of Macquarie or the Fund;

— must not be an officer of, or otherwise associated directly or indirectly with, a shareholder holding more than 5% of the voting securities of Macquarie or the Fund (other than the responsible entity of the relevant Fund);

— must not, within the last three years, have been: employed in an executive capacity by the Manger and/or special purpose vehicle, or by another Macquarie Group entity; or a director of any such entity after ceasing to hold any such employment;

— must not and has not within the last three years been a principal or employee of a professional adviser whose billings to the Fund, the Macquarie Group or other Funds over the previous full year, in aggregate, exceed 5% of the adviser's total revenues over that period. A director on the Fund board who is or within the last three years has been a principal, director or employee of a professional adviser must not participate in any consideration of the possible appointment of that firm as professional adviser to a Fund and must not participate in the provision of any service by that firm to the relevant Fund, another Fund, or the Macquarie Group more generally;

— must not be a "significant supplier" or "significant customer" of the Fund, the Macquarie Group or other Funds, or an officer of or otherwise associated directly or indirectly with, a significant supplier or customer. A "significant supplier" is defined as one whose aggregate revenues over the previous full year from the Fund, the Macquarie Group and other Funds exceed 5% of the supplier's total revenue over that period. A "significant customer" is one whose amounts payable to the Fund, the Macquarie Group and other Funds exceed 5% of the customer's total operating costs;

— must not, other than as a director of a Fund Board, have any contractual relationship with any member of the Macquarie Group that is material to that director;

— must not be a director on more than two Fund boards;

— must not have served for a term exceeding 12 years, subject to any approved transitional provisions relevant to service prior to 2003; and

— must not have any other interest or relationship that could interfere with the director's ability to act in the best interests of investors in the Fund and independently of the Macquarie Group.

Exemptions:

— Where an individual may not meet one or more of the above criteria, Macquarie's board corporate governance committee may make a specific determination that: in the particular overall circumstances of that individual, the fact that all of the above criteria have not been met is unlikely to prevent the individual from exercising independent judgement on the relevant board(s); and that the individual should be considered by the Macquarie Group to be an independent director on the relevant board(s). Even if this determination is made, APRA, ASX and any other relevant regulatory requirements will still apply.

Macquarie, the Manager and the Company determined that each of the Independent Directors of the Manager and the Company satisfied all of the above criteria and bring an independent mind to their duties as a Director. The criteria used to assess independence, including the materiality thresholds referred to above, are reviewed from time to time.

The independence of each Independent Director was monitored by the Manager and the Company. Directors were required to provide information to enable assessment of the ongoing independence. Independent Directors are requested to confirm in writing their continuing status as an Independent Director annually. (ASX Recommendation 2.6)

Following Internalisation, new corporate governance arrangements will be implemented and the appropriateness of designations such as independent director will be considered in light of the internalised structure and cessation of the Group's relationship with Macquarie.

Chairman

Neil Balnaves has been appointed Chairman of the Manager and of the Company. Mr Balnaves does not exercise the role of CEO, that role is performed by Greg Shaw.

Neil Balnaves satisfies the independence criteria in the ASX principles and is the most appropriate person to act as Chairman. Measures outlined below provide an appropriate check on executive power. (ASX Recommendation 2.2 and 2.6)

Given the Group's diverse, complex and highly specialised activities, it is important that the Board is chaired by someone with a deep understanding of its operations. Neil Balnaves' experience in the entertainment and media industries is highly regarded and assists with ensuring that management provides the Board with adequate information to facilitate effective decision making. His wide experience enables him to provide support and advice to the CEO while respecting executive responsibility.

The Manager considers it to be in the best interests of investors for Neil Balnaves to continue to act as Chairman.

The Manager and the Company have also adopted a number of practices to regulate the division of responsibilities between the Boards and management, and the accountability of management to the Boards, including:

— separate individuals perform the roles of chairman and CEO; (ASX Recommendation 2.3)

— having a majority of independent directors on each Board;

— the independent directors meet at least once per year in the absence of management;

— the delegation of certain responsibilities to Board committees. Neil Balnaves is not a member of the Company's operational risk and safety committee, is chairman of the Company's nomination and remuneration committees and is a member of the audit committees; and

— the ability of directors to seek independent professional advice for Trust and Company related matters, at the Manager's or Company's expense, subject to the estimated costs being approved by the chairman in advance as being reasonable. (ASX Recommendation 2.6)

Board committees

Four standing Board committees have been established to assist in the execution of the Board's responsibilities. All Board members are free to attend any meeting of any Board committee.

Membership of the committees is outlined on page 30 of the Annual Report.

Attendance at Board and committee meetings is set out on page 29 and 30 of the Annual Report. (ASX Recommendation 2.6)

Each committee has a charter which includes a description of its duties and responsibilities. The committee charters are available in the Corporate Governance section of the Group's website. (ASX Recommendation 2.6)

Each Board may establish other committees as required.

Nomination of directors and Board renewal

The Boards recognise that it is important that they undergo a regular process of renewal via changes in membership. Independent directors of the Company are appointed for a term that will not exceed 12 years. Time served by independent directors on the Board of the Manager is calculated in accordance with transitional provisions that broadly weight past time on the Board prior to 2003 at 50%.

Manager

Macquarie as the former owner of all the shares in the Manager, appointed directors of the Manager. The Manager decided not to establish a nomination committee as Macquarie was able to effectively manage the selection and appointment of new directors using its own resources. Following Internalisation, the Manager has become a 100% subsidiary of the Company.

This represents a departure from ASX Recommendation 2.4 as the Manager has not established a nomination committee.

Company

Under the constitution of the Company, the holder of its special share has the power to appoint the Chairman and a minority of directors.

Performance of the Boards

Directors are encouraged to pursue continuing education to update and improve their skills and knowledge.

Performance of the Boards has been assessed this year in accordance with the process described below. (ASX Recommendation 2.6)

The process for conducting each Board's performance review consists of each independent director completing a written performance evaluation and they are able to make other comments or raise any issue that they have relating to the Board's or a Board committee's operation. Performance evaluations are completed at least annually and are provided to the Chairman. (ASX Recommendation 2.5)

Each committee undertakes a periodic review of its composition in accordance with its charter which requires at least annual review. Each committee undertook a review of its composition and performance during the year. (ASX Recommendation 2.5 and 2.6)

Macquarie executives on the Boards, the CEO, CFO, compliance manager, company secretary and other Macquarie employees were subject to regular performance evaluations. The evaluations measure performance against set and qualitative indicators and are part of Macquarie's semi-annual performance evaluation process. Individuals' contribution to the performance of the Group is a significant factor in determining promotion and remuneration.

Macquarie, as the former shareholder of the Manager, had the power to appoint and remove any nominated director, at any time. Given the potential performance-based remuneration of the Manager, an incentive existed for Macquarie to appoint appropriately qualified, skilled and experienced directors.

The Boards were appointed by Macquarie at the time of establishment of the new structure in July 2003. Under the constitution of the Company directors, except for the minority directors, are required to stand for re-election on a three year rotational basis.

— The director performance evaluation guidelines are available on our website.

Principle 3

Promote ethical and responsible decision-making

Macquarie, the Boards and management are committed to the Group continuing to be a good corporate citizen. The Manager and the Company have a robust framework of policies, underpinned by Macquarie's goals and values, relevant to environmental, social and governance (ESG) responsibilities. A statement setting out Macquarie's position on ESG issues is available on Macquarie's website.

The codes of ethics and conduct and the policies discussed below set the standards for dealing with obligations to external stakeholders.

Codes of ethics and conduct

The codes of ethics and conduct (Codes) adopted by each Board incorporate Macquarie's goals and values as well as additional principles and standards relevant to funds management activities. In due course, these Codes will be updated to incorporate appropriate ethical principles.

The Codes are intended to help directors and staff to understand their responsibilities to uphold the goals and values to which the Manager and the Company aspire and to conduct business in accordance with applicable laws and regulations. Importantly, the Codes are reflected in and supported by a broad range of Macquarie's applicable policies and procedures.

The Codes were periodically reviewed and any necessary amendments are approved by the relevant Board.

The Codes are also reflected in, and supported by, a broad range of Macquarie's internal policies and procedures. It includes a requirement to conduct business in accordance with applicable laws and regulations in the jurisdictions in which it operates, and in a way that enhances its reputation in those markets. (ASX Recommendation 3.1)

— A copy of the codes of ethics and conduct are available on our website.

Macquarie's integrity officer

To strengthen Macquarie's commitment to conducting its business activities in accordance with the highest ethical standards, Macquarie has appointed executive directors, Michael Price and James Hodgkinson, as integrity officers. (ASX Recommendation 3.1)

In acknowledgment of the expanding international nature of Macquarie's business, regional integrity officers and regional integrity support officers have been appointed in Asia, Europe and the Americas.

The integrity officers serve as an independent point of contact to allow directors and staff to raise concerns about integrity-related issues. The integrity officers report directly to the managing director of Macquarie and provide a regular report on the activities of the integrity office to Macquarie's board corporate governance committee.

Prior to Internalisation, Macquarie's integrity officers were available to staff working on the Group.

The role of the integrity officers is to:

— develop and implement strategies in the Australian and international offices to assist Macquarie to properly address issues of integrity in the conduct of its business;

— educate, advise and counsel management and staff regarding integrity issues;

— devise and introduce systems to ensure that claims of integrity breaches and any integrity related concerns are dealt with impartially, promptly and confidentially; and

— ensure that the rights of all parties are respected and maintained at all times.

Macquarie has established whistleblower policies in accordance with the legislative requirements and best practice recommendations in each of the jurisdictions in which it operates. The policies aim to provide a working environment that enables employees to voice genuine concerns in relation to:

— a breach of relevant legislation;
— a breach of Macquarie's goals and values;
— financial malpractice or impropriety or fraud;
— failure to comply with legal obligations;
— danger to health and safety or the environment;
— criminal activity; and
— attempts to conceal any of the above.

Corporate citizenship

The Group is directly involved in a number of business activities relevant to the environment including sustainability audits and investment in water efficient technologies.

Further, Macquarie invests continually in the development and training of its staff, including through a venture with a leading world educational institution. Macquarie also contributes to the communities in which it operates through the work of the Macquarie Group Foundation and by supporting staff in their philanthropic and volunteering endeavours.

Staff dealing

The Manager and the Company's trading policies (Policies) reflect Macquarie's personal dealing policy and aim to identify the principles by which the personal investment interests of staff are balanced against the Manager and the Company's responsibility to ensure that the personal dealing and investment activities of its directors and staff are conducted appropriately.

— The trading policies are available on our website. (ASX Recommendation 3.2 and 3.3)

The Policies apply to directors and staff [(1)] (all full and part-time employees and contractors engaged). They also apply generally to "associates" of staff, which include persons or entities over whom a staff member has investment control (such as spouses, dependent children, self-managed super funds and private and family-controlled companies and trusts).

One of the key aspects of the Policies is that they require directors, staff, employees and their associates to pre-clear their trading.

The Policies reinforce the Corporations Act prohibition on trading while in possession of inside information. From time to time, trading windows will be announced to allow trading in securities. These trading windows will typically be a four week period following a significant announcement such as half yearly and full year results, annual securityholder meeting and ASX quarterly updates. In all cases directors and staff are prohibited from trading while they possess material non-public price-sensitive information.

All trading by staff of the Manager and their associates must be approved in advance by a co-head of REC or their delegate. All trading by employees of the Company and their associates must be approved by the CEO of the Group.

Trading by directors and their associates must be pre-cleared. Approval must be obtained from either a co-head of REC or their delegate or the company secretary of the Manager prior to placing an order or entering into financing arrangements, including a margin loan, over the Group's securities.

Employees of Macquarie are not permitted to take net short positions in Macquarie shares or any Macquarie-managed funds.

Principle 4

Safeguard integrity in financial reporting

Financial reporting
The Boards have responsibility for the integrity of financial reporting. To assist the Boards in fulfilling their responsibility, the processes discussed below have been adopted. The processes are aimed at providing assurance that the financial statements and related notes are complete, are in accordance with applicable accounting standards and provide a true and fair view.

Financial Assurance
The Board audit committees (BACs) are comprised of three independent directors. (ASX Recommendations 4.1 and 4.2)

Details of each individual director's background are set out on pages 28 and 29 of the Annual Report. Attendance at BAC meetings is set out in the Annual Report on pages 29 and 30. (ASX Recommendation 4.4)

The Manager's BAC is made up of the following members:

— George Bennett – Chairman;
— Anne Keating – Independent Director; and
— Neil Balnaves – Independent Director.

The Company's BAC is made up of the following members:

— Roger Davis – Chairman;
— Anne Keating – Independent Director; and
— Neil Balnaves – Independent Director.

The main objective of the BACs is to assist each Board to fulfil their responsibility for overseeing the review of any matters affecting financial reporting and compliance including:

— exercising oversight over accuracy and completeness of the financial statements in line with legislative and other mandatory professional reporting requirements;

— making informed decisions regarding accounting policies, practices and disclosures; and

— reviewing the scope and results of external audits.

The responsibilities of each BAC are set out in their respective charters.

— The audit committee charters are available on our website. (ASX Recommendation 4.3)

The BACs meet at least three times a year, with additional meetings as required. They also meet privately with the external auditor at least annually excluding management to discuss any matters that the BACs or the parties believe should be discussed privately.

The BACs annually review the extent to which they have met the requirements of their charters.

The BACs have unlimited access to the external auditor, the compliance manager, company secretary and senior management. The BACs also have the power to institute and oversee special investigations and to consult with independent experts as needed.

The Company has an internal audit resource. The Company BAC has unlimited access to this resource.

Declaration by CEO and CFO

The CEO and the CFO provide the Boards with written confirmation that the financial statements present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

Auditor independence

The BACs are responsible for overseeing the external audit.

Macquarie, the Manager and the Company have policies on auditor independence that apply to services supplied by the external auditor and their related firms, Macquarie related entities and the trusts and entities managed by Macquarie. A copy of Macquarie's external auditor policy statement is available on Macquarie's website.

Under the Macquarie policy, the external audit engagement partner and review partner must be rotated every five years. The Trust's lead audit engagement partner will rotate at the conclusion of the 2011 financial reporting period. The Company's lead audit engagement partner will rotate at the conclusion of the 2010 financial reporting period.

— The auditor independence policies are available on our website. (ASX Recommendation 4.4)

[1] As defined in the trading policies.

Principle 5

Make timely and balance disclosure

The Manager and the Company believe that investors, regulators, ratings agencies and the investment community generally, should be informed of all material business events and risks that influence the Group in a factual, timely and widely available manner.

The Group has a continuous disclosure committee. This committee is responsible for ensuring the Group meets its disclosure obligations under ASX Listing Rule 3.1.

Investors can obtain up to date information on the Group's various activities from our website.

— The continuous disclosure guidelines are available on our website.

It is the Group's policy that any price-sensitive material for public announcement, including annual and interim profit announcements, release of financial reports, and presentations to investors and analysts that contain new, price-sensitive information not previously released and other prepared investor briefings will be:

— lodged with the ASX as soon as practical and before external disclosure elsewhere; and

— placed on the website as soon as practical after receipt of lodgement from ASX.

Principle 6

Respect the rights of securityholders

Communications (ASX Recommendation 6.1 and 6.2)

It is the Group's policy that all external communications will:

— be factual and subject to internal vetting and authorisation before issue;

— not omit material information; and

— be timely and expressed in a clear and objective manner.

The Group is dedicated to the provision and delivery of timely and relevant information to investors.

Investors may choose to receive an annual report, half yearly update and other investor communication electronically or in hard copy.

The Group's website contains a selection of recent ASX announcements, media releases, past and current communications to investors and answers to frequently asked questions. Analyst and road show presentations may be released to ASX and where appropriate are included on the Group's website.

Investors may also register on our website to receive copies of significant announcements by email.

— The investor communications guidelines are available on our website.

Annual general meeting

An annual general meeting of members is convened in October or November each year.

The external auditor is required to attend an annual meeting and will be available to answer questions about the conduct of the audit and the preparation and contents of the auditor's report.

An explanatory memorandum including the proposed motions is included with, and forms part of, the notice of meeting. Unless specifically stated in the notice of meeting, all holders of fully paid securities are eligible to vote. The notice of meeting is placed on the Group's website.

Unless specifically stated in a notice of meeting, all holders of fully paid ordinary securities are eligible to vote on all resolutions. If members cannot attend a meeting, they may lodge a proxy in accordance with the Corporations Act. Proxy forms can be delivered, mailed or sent by facsimile.

Members are encouraged to attend the meeting or, if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with a notice of meeting will seek to clearly explain how the proxy form is to be completed and submitted.

The formal addresses at general meetings may be webcast for the benefit of those investors unable to attend in person.

Principle 7

Recognise and manage risk

Identification of significant business risks

There are many risks in the markets in which the Group operates. A range of factors, some of which are beyond the Group's control, can influence performance. The Boards have in place limits and a range of policies and procedures to monitor the risk in the Group's activities, and these are periodically reviewed by the Boards. (ASX Recommendation 7.2)

Risk management frameworks

The Boards are committed to focusing appropriate attention on the risk management framework and the particular significance of risk to performance.

Risks managed include:

— market, regulatory and reporting risks;

— financial risks (such as liquidity, interest rate, currency, investment and credit);

— legal risk (such as contract enforceability, covenants and litigation);

— operational risks (such as people, processes, infrastructure, technology and systems);

— occupational health and safety (OH&S) risks;

— reputation risks (such as investor relations and media management); and

— strategic risk.

The Manager's compliance manager is invited to attend Board meetings. A risk and compliance report is provided to the Board of the Manager relating to the operation of the Trust which includes whether there have been any breaches of the Corporations Act, constitution, AFSL or any other relevant requirement for the period. This report also summarises complaints received, responses and their status for the period.

The Company has appointed an internal auditor to identify risks as well as to record and assess the performance of controls in place to mitigate those risks.

The Company's internal auditor is invited to attend audit committee meetings. An Internal Audit Report is tabled updating the committee on internal audit items that have arisen since the last meeting and ongoing projects, status of outstanding internal audit issues, updates on specific initiatives as directed and confirmation of receipt of declarations from the CFO and CEOs of all businesses on the effective monitoring of essential business controls.

The Company's compliance manager is invited to attend bi-monthly Board meetings. A compliance report is tabled updating the Board on the status of compliance items for the period, status of outstanding compliance issues, updates on complaints and other initiatives directed by the Board.

The Company Board has appointed a safety and operational risk committee to assist the Board in addressing matters of significance relating to OH&S and safety and operational risk within the Comapny.

Members of the Company's safety and operational risk committee are:

- John Wright – Chairman (resigned 1 September 2009);
- Roger Davis – Independent Director;
- Greg Shaw – CEO of the Group.

Each operating subsidiary company board receives regular OH&S updates

- The Company's safety and operational risk committee charter is available on our website.
- The risk management frameworks are available on our website.

The Company's risk management framework
The Company has its own risk management framework that seeks to minimise existing business risks. Primary responsibility for the risk management framework rests with the Company Board.

CEO and CFO Declaration
The CEO and the CFO provide the Boards with written confirmation that:

- their statement given to each Board on the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Manager's and the Company's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The Boards have received the CEO and the CFO declaration described above for this financial year. (ASX Recommendation 7.3 and 7.4)

The CEO has reported to the Boards on the effectiveness of the management of material business risks faced for the year ended 30 June 2009. (ASX Recommendation 7.2 and 7.4)

Principle 8

Remunerate fairly and responsibly
Manager – disclosure of remuneration

The Manager is entitled to be paid base and performance fees in accordance with the Trust constitution.

Prior to Internalisation, all executives involved in management of the Trust were employees of Macquarie and were not remunerated by the Trust or the Manager. As the Trust has no employees, remuneration of executive directors and senior executives associated with the Trust was managed by Macquarie.

As neither the Trust nor the Manager pay any remuneration to executives of the Manager, the Manager considers that the requirement to disclose its remuneration policies and to establish a remuneration committee are not relevant to the Trust. There are no equity-based executive remuneration schemes in operation.

This represents a departure from the ASX Recommendation 8.1 and 8.3 as the Manager has not established a remuneration committee

Please see Note 7 to the financial statements for details on calculation of the Manager's fees.

Company – Disclosure of remuneration

The Company is required to disclose the remuneration of its directors. These details are disclosed in the remuneration report of the Director's Report and note 36 to the financial statements.

To assist the Board of the Company to establish and manage remuneration of employees, a remuneration committee has been established to assist with:

- setting and reviewing remuneration framework for Company employees;
- determining recruitment, retention and termination frameworks for Company employees; and
- reviewing and approving Company directors' remuneration;
- reviewing and approving remuneration, incentive schemes, superannuation policies and promotions for senior executives of Company entities such as the CEO, CFO and any other executives considered appropriate; and
- reviewing bonus payments and incentive schemes for Company employees.

Members of the Company remuneration committee are:

- Neil Balnaves – Chairman;
- Anne Keating – Independent Director; and
- John Wright – Director (resigned 1 September 2009).

Details of the number of meetings of the Company remuneration committee and the names of attendees are disclosed in section 8 of the Directors' Report.

Through a review of bonus payments, the remuneration committee is able to ensure that nay amounts paid are linked to performance.

The Company has an equity-based incentive scheme for employees. There are no retirement benefit schemes for independent directors of the Manager or the Company.

- The Company remuneration committee charter is available on our website.

Macquarie's executive director and senior executive remuneration

Macquarie's remuneration policies and practices in relation to executive directors and senior executives are as disclosed in Macquarie's remuneration report (see pages 56 to 110 of Macquarie's 2009 Annual Report).

Macquarie considers that disclosure of the structure and objectives of the remuneration policies, and their relationship to the Trust's performance, allows investors to understand the costs and benefits of those policies and the link between remuneration paid to executive directors and key executives and Trust performance. (ASX Recommendation 8.2)

The Manager's trading policy prohibits directors, staff and employees from entering into a transaction that is designed or intended to hedge their exposure to an unvested security.

- The trading policies are available on our website. (ASX Recommendation 8.3)

The Manager – independent director remuneration

To the extent to which the remuneration of independent directors relates to activities that are specifically required by external regulators, the Trust will pay this remuneration. This includes fees paid for compliance activities and service on the audit committee.

During the year, Messrs Bennett, Balnaves and Ms Keating were paid an amount of $25,000 each for compliance activities on behalf of the Trust. Messrs Bennett, Balnaves and Ms Keating were paid $15,000, $5,000 and $5,000 respectively for audit activities during the year as members of the audit committee.

Independent directors' remuneration is reviewed from time to time in consultation with external consultants to ensure that their remuneration reflects the services expected to be performed.

All other directors' fees paid to independent directors that do not specifically relate to the Trust are paid by the Manager.

Independent directors of the Manager are not granted options nor receive bonus payments. There are no termination payments to independent directors on their retirement from office other than payments accruing from superannuation contributions. (ASX Recommendation 8.2 and 8.3)

The Company – Independent director remuneration

Independent directors of the Company are paid fees for the services they provide to the Company.

During the year, Mr Balnaves and Ms Keating were paid an amount of $5,000 each for audit committee activities.

Independent directors of the Company are not granted options nor receive bonus payments. There are no termination payments to independent directors on their retirement from office other than payments accruing from superannuation contributions. (ASX Recommendation 8.2 and 8.3)

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The directors of Macquarie Leisure Management Limited (Manager), as responsible entity of Macquarie Leisure Trust and the directors of Macquarie Leisure Operations Limited present their report for Macquarie Leisure Trust Group (Group) for the year ended 30 June 2009. The Group comprises:

- Macquarie Leisure Trust (Trust) as the parent entity and its controlled entities; and
- Macquarie Leisure Operations Limited (MLOL) and its controlled entities.

The units of the Trust and the shares of MLOL are combined and issued as stapled securities in the Group. The units of the Trust and shares of MLOL cannot be traded separately and can only be traded as stapled securities. Although there is no ownership interest between the Trust and MLOL, 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 during the year and up to the date of this report:

Neil Balnaves (Chairman)
George Bennett
Anne Keating
Simon Jones
John Wright.

The following persons have held office as directors of MLOL during the year and up to the date of this report:

Neil Balnaves (Chairman)
Anne Keating
John Wright
Roger Davis.

2 Principal activities

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

3 Distributions

The distribution of income for the year ended 30 June 2009 was 14.3 cents (2008: 19.6 cents) per stapled security which was paid by the Trust. An interim distribution of 6.5 cents (2008: 9.6 cents) per stapled security was paid in February 2009. A final distribution for the year ended 30 June 2009 of 7.8 cents (2008: 10.0 cents) per stapled security will be paid in August 2009. A provision has not been recognised in the financial statements at 30 June 2009 as the distribution had not been declared at the reporting date.

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

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

	Consolidated 2009 $'m	Consolidated 2008 $'m
Total income	366,671	331,143
(Loss)/profit	(796)	39,449
Core earnings	45,246	44,980

Revenue from ordinary activities, excluding property valuation gains and losses, increased by $38.9 million, 12.4 %, mainly due to the following factors:

- Revenue from Dreamworld decreased by $3.9 million to $87.4 million driven by a decrease in attendance during the period;
- Revenue from WhiteWater World decreased by $0.4 million to $16.2 million due to a decrease in per capita spend offset by an increase in attendance;
- Revenue from the Bowling operations increased by $5.1 million to $106.1 million driven by improved performance in the existing centres and revenue from new centres that opened at Villawood and Joondalup;
- Revenue from Main Event increased $8.4 million to $62.9 million. The main driver of the increase in revenue is the movement in the USD:AUD foreign exchange. In USD, revenue has decreased USD2.6 million to USD USD46.4 million; and
- Revenue from Goodlife increased $32.6 million to $69.4 million. This is mainly due to a full year's contribution from the businesses acquired on 25 September 2007 and 1 April 2008 as well as the new Health Clubs at Menai, North Adelaide and Carousel which opened during the current financial year.

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

Profit attributable to stapled securityholders for the period decreased by $40.3 million, 102.0%, to loss of $0.8 million mainly due to the following factors:

— Revaluation income from investment properties decreased from $3.4 million to an expense of $26.8 million;
— Earnings before interest and tax from the underlying business decreased by $8.1 million, 21.5%. This was mainly due to $1.1 million impairment of goodwill and a $6.7m increase in depreciation and amortisation expense.
— The increases in revenue from the businesses have driven an increase in earnings before interest, tax, amortisation, depreciation, impairment of goodwill and property costs of $8.7 million. However, due to the increase in number of centres, the movement in foreign exchange rates and the sale and leaseback of a number of bowling centres, this gain was offset by an increase in property costs of $8.7 million;
— Due to the movements in foreign exchange rates and interest rates as well as change in value of the Goodlife put and call option to buy out the minority interest in that business, net gains from derivatives have decreased by $5 million to a loss of $3.9 million;
— A loss before tax of $3.0 million was recorded on the write off of costs on aborted development projects in the United States;
— A performance fee expense of $1.1 million was recognised as at 30 June 2009 compared to nil in the prior period;
— Borrowing costs increased by $3.4 million to $17.9 million due to both an increase in borrowings and an increase in interest rates; and
— MLOL and its controlled entities are the main taxpayers in the stapled group. Due to the factors above, MLOL's profitability declined resulting in an income tax benefit of $2.5 million in the current period compared to an income tax expense of $2.4 million in the prior period.

Core earnings, as defined in Note 11 to the financial statements, which represented the earnings of the Group after adding back unrealised items such as the performance fee, unrealised gains or losses on derivatives and unrealised property valuation gains and losses, increased by $0.3 million, 0.6%.

5 Value of assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Value of Group assets	745,092	815,442	670,954	747,209

The value of the Trust's assets is 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 year is set out below:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Stapled securities on issue at the beginning of the year	230,827,761	216,146,846
Stapled securities issued	9,798,411	14,974,826
Stapled securities sold as part of MLOL's executive securities plan	438,617	15,665
Stapled securities bought back as part of MLOL's executive securities plan	—	(309,576)
Stapled securities on issue at the end of the year	**241,064,789**	**230,827,761**

7 Information on current directors

Neil Balnaves
Chairman of the Manager and MLOL
Appointed: Macquarie Leisure Management Limited – 26 October 2001, Macquarie Leisure Operations Limited – 28 April 2003
Age: 65
Neil has worked in the entertainment and media industries for over 40 years previously holding the position of Executive Chairman of Southern Star Group Limited. Neil is a Trustee Member of Bond University and has an Honorary Degree of Doctor of the University. Neil is a Director of Technicolor Australia Limited, serves on the boards of numerous advisory and community organisations and is a Foundation Fellow of the Australian Institute of Company Directors. In 2006 Neil established The Balnaves Foundation, a philanthropic fund that disperses more than $2 million annually in supporting eligible organisations that aim to create a better Australia through education, medicine, and the arts with a focus on young people, the disadvantaged and Indigenous communities.

Other current listed directorships
None

Former listed directorships in last three years
Southern Star Group Limited (director from 1987-2005), Southern Cross Broadcasting (Australia) Limited (director from 2004-2007) and Bond University Limited (2003-2008)

Special responsibilities
Chairman of the Manager and MLOL, Chairman of the MLOL remuneration committee, Member of the Manager and MLOL audit committees, Chairman of the MLOL nomination committee

Interest in stapled securities
196,000

Anne Keating
Director of the Manager and MLOL
Appointed: Macquarie Leisure Management Limited – 30 March 1998, Macquarie Leisure Operations Limited – 28 April 2003
Age: 55
Anne has over 20 years experience in the international airline industry. Her last executive role was as general manager of United Airlines in Australia. She is a Director of Goodman Group Limited, STW Communications Limited and the Garvan Institute of Medical Research. Anne is also a member of the Advisory Council of RBS Group (Australia) Pty Ltd (formerly ABN AMRO) governor of the Cerebral Palsy Foundation and trustee of the Centennial Parklands and Moore Park Trust.

Other current listed directorships
STW Communications Limited (director since 1995), Goodman Group Limited (director since 2004) and Garvan Institute of Medical Research (director since 2009)

Former listed directorships in last three years
None

Special responsibilities
Member of the Manager and MLOL audit committees, Member of MLOL remuneration committee, Member of the MLOL nomination committee

Interest in stapled securities
49,700

Simon Jones
Director of the Manager
Appointed 18 May 2005
Age: 44
Simon is an executive director of Macquarie Capital Funds Limited. He is responsible for overseeing the management of Macquarie's Australian listed and unlisted retail real estate funds. Simon is chairman of Macquarie Direct Property Management Limited, manager of several unlisted property trusts and is a director of Macquarie CountryWide Management Limited, manager of Macquarie CountryWide Trust and Macquarie DDR Management Limited, manager of Macquarie DDR Trust. Simon is a certified practising accountant, has a Graduate Diploma from the Financial Services Institute of Australasia, a BCom from the University of New South Wales and is a fellow of the Royal Institution of Chartered Surveyors.

Other current listed directorships
Macquarie CountryWide Management Limited (director since 2008, alternate director since 2004) and Macquarie DDR Management Limited (director since 2009)

Former listed directorships in last three years
Macquarie Office Management Limited (alternate director from April 2001 to September 2006, executive director from September 2006 to February 2007, executive chairman from February 2007 to December 2008)

7 Information on current directors (cont.)

John Wright
Director of the Manager and MLOL
Appointed: Macquarie Leisure Management Limited – 10 May 2007, Macquarie Leisure Operations Limited – 10 May 2007, Alternate director for the Macquarie Leisure Management Limited and Macquarie Leisure Operations Limited from May 2005 – May 2007)
Age: 56
John brings extensive industry experience and operational funds management skills to the boards. He is an executive director of Macquarie Capital Funds Limited and has been involved with the administration of the Trust since its inception. John has over 30 years experience in chartered accounting, investment banking and funds management. He is an alternate director of Macquarie DDR Management Limited, manager of Macquarie DDR Trust. He was previously an alternate director of Macquarie CountryWide Management Limited, manager of Macquarie CountryWide Trust and Macquarie ProLogis Management Limited, manager of Macquarie ProLogis Income Trust and Macquarie ProLogis Trust which were delisted in July 2007. John is a chartered accountant and has a BEc from the University of Sydney.

Other current listed directorships
Macquarie DDR Management Limited (alternate director since 2005)

Former listed directorships in last three years
Macquarie CountryWide Management Limited (alternate director from 2005-2006) and Macquarie ProLogis Management Limited (alternate director from 2005-2007)

Special responsibilities
Member of the MLOL safety and operational risk committee, Member of MLOL remuneration committee, Member of MLOL nomination committee

George Bennett
Director of the Manager
Appointed 30 March 1998
Age: 78
As the former executive chairman of KPMG Peat Marwick in Australia and a member of the KPMG International Executive Committee, George brings strong corporate governance experience to the board. He is a director of Macquarie Office Management Limited, manager of Macquarie Office Trust, Fantastic Holdings Limited and several private companies. His former directorships include Australian Pipeline Limited and Brazin Limited. George is a fellow of The Institute of Chartered Accountants in Australia.

Other current listed directorships
Macquarie Office Management Limited (director since 1999) and Fantastic Holdings Limited

Former listed directorships in last three years
Brazin Limited and Australian Pipeline Limited

Special responsibilities
Chairman of the Manager audit committee

Interest in stapled securities
159,637

Roger Davis
Director of MLOL
Appointed 28 May 2008
Age: 57
A qualified certified practising accountant, Roger brings over 25 years experience in banking and investment banking in Australia, the US and Japan to the board. Currently he is a consulting director at Rothschild (Australia) Limited and a director of Aristocrat Leisure Limited, Trust Company Limited and TIO. He is also a director of Macquarie Office Management Limited, manager for Macquarie Office Trust and Bank of Queensland. Previously, he was managing director at Citigroup where he worked for over 20 years and more recently was a group managing director at ANZ Banking Group. His previous board experience includes the chairmanship of Esanda, along with directorships of ANZ (New Zealand) Limited, Magellan Financial Group Ltd and Citicorp Securities Inc. in the United States. He has a BEc (Hons) from the University of Sydney and an MPhil from the University of Oxford.

Other current listed directorships
Aristocrat Leisure Limited (director since 2005), Trust Company Limited (director since 2006), TIO (director since 2006), Macquarie Office Management Limited (director since September 2003) and Bank of Queensland (director since 2008)

Former listed directorships in last three years
Chairman Pengana HedgeFunds Limited, Director Magellan Financial Group Limited and Chairman of Centric Wealth Limited

Special responsibilities
Chairman of the MLOL audit committee, Chairman of the MLOL safety and operational risk committee

8 Meetings of directors

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

	Full meetings of directors		Meetings of audit committee	
Name	Eligible to attend	Attended	Eligible to attend	Attended
Neil Balnaves	16	14	3	1
George Bennett	16	14	3	3
Anne Keating	16	16	3	3
Simon Jones	16	15	—	—
John Wright	16	16	—	—

The attendance at meetings of directors of MLOL during the year is set out in the following table:

8 Meetings of directors (cont.)

	Full meetings of directors		Meetings of committees: Audit		Nomination		Remuneration		Safety	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Neil Balnaves	17	16	3	1	2	2	3	3	—	—
Anne Keating	17	17	3	3	2	2	3	3	—	—
John Wright	17	16	—	—	2	2	3	2	4	4
Roger Davis	17	17	3	3	—	—	—	—	4	4

9 Company secretaries

The Group's company secretary was Kara Nicholls FCIS, MAICD, B.Bus for both the Manager and MLOL.

Kara Nicholls was appointed to the position of secretary of the Manager in February 2007. With over 10 years experience in real estate and equity capital markets, Kara brought extensive knowledge of listing rules, compliance, corporate governance and administration to the board. Kara was the company secretary of a majority of the real estate entities within the Macquarie Capital Funds division, including the management companies of the listed property trusts. Prior to joining Macquarie Bank in 2003, Kara spent six years at the Australian Securities Exchange. Kara is a chartered secretary and a member of the Australian Institute of Company Directors. She holds a B.Bus from the University of Technology, Sydney and is a fellow of Chartered Secretaries Australia.

Kara Nicholls resigned as company secretary on 2 July 2009. Douglas Hunt was appointed as company secretary on 2 July 2009.

10 Remuneration report

The Manager and the directors of MLOL present the remuneration report for the Group prepared in accordance with section 308(3C) of the *Corporations Act 2001* for the year ended 30 June 2009.

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

a) Principles used to determine the nature and amount of remuneration;
b) Details of remuneration;
c) Executive Securities Plan (ESP); and
d) Additional information

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

a) Principles used to determine the nature and amount of remuneration

The objective of the Group's executive framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for stapled securityholders, and conforms with market best practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

— competitiveness and reasonableness;
— acceptability to stapled securityholders;
— performance linkage/alignment of executive compensation;
— transparency; and
— capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to stapled securityholders' interests:

— has economic profit as a core component of plan design;
— focuses on sustained growth in security price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
— attracts and retains high calibre executives.

Alignment to program participants' interests:

— rewards capability and experience;
— reflects competitive reward for contribution to stapled securityholder growth;
— provides a clear structure for earning rewards; and
— provides recognition for contribution.

10 Remuneration report (cont.)

a) Principles used to determine the nature and amount of remuneration (cont.)

i) Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board after review and approval of the framework by the remuneration committee. The non-executive directors' fees and payments are in line with those paid by other entities in the Group's comparative peer group.

ii) Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2008. Non-executive directors who chair/and are a member of a committee receive additional yearly fees.

The aggregate sum of the fees payable by MLOL and its subsidiaries to the non-executive directors currently stands at a maximum of $440,000 per annum. Non-executive directors' fees are determined within the aggregate non-executive directors' fee pool limit. Changes to this limit will periodically be recommended to stapled securityholders for approval.

iii) MLOL executive pay
The executive pay and reward framework has three components:

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

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

MLOL base pay
This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases fixed in any senior executives' contracts.

MLOL incentives
Should MLOL achieve a pre-determined profit target set by the remuneration committee then a pool of incentives is available for executives for allocation during the annual review. Cash incentives (bonuses) are payable in cash by 30 September each year. Using a profit target ensures variable award is only available when value has been created for stapled securityholders and when profit is consistent with the business plan.

Each year, the remuneration committee considers the appropriate target and key performance indicators (KPIs) for each of the executives. For the year ended 30 June 2009, the KPIs linked to incentives were based on Group, individual business and personal objectives. The KPIs require performance in increasing revenue, reducing operating costs and achieving specific targets in relation to key financial and strategic measures. The bonus payments are at the discretion of the remuneration committee.

10 Remuneration report (cont.)

b) Details of remuneration

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Trust. The Manager and the directors of MLOL meet the definition of KMP as they have this authority in relation to the activities of the Group. These powers have not been delegated by the Manager or directors of MLOL to any other person including both the Chief Executive Officer (CEO), Greg Shaw and Chief Financial Officer (CFO), Richard Johnson. Accordingly, the CEO and CFO of the Group are not considered to be KMP as they do not have sufficient individual authority and responsibility for planning, directing and controlling the activities of the Group.

The management fee paid to the Manager is disclosed in Note 7 of the financial statements. Details of the remuneration of directors of the Manager and MLOL are set out in the following tables:

	Short-term benefits		Post-employment benefits		Other long-term benefits			
2009	Salary $	Bonus $	Super-annuation $	Retirement $	Retention $	Other $	Stapled security-based payments $	Total $
Executive directors								
Simon Jones (1)	—	—	—	—	—	—	—	—
John Wright (2)	—	—	—	—	—	—	—	—
Independent directors								
Neil Balnaves (2)	169,725	—	15,275	—	—	—	—	185,000
George Bennett (1)	39,450	—	3,550	—	—	—	—	43,000
Anne Keating (2)	133,028	—	11,972	—	—	—	—	145,000
Roger Davis (3)	58,945	—	99,055	—	—	—	—	158,000
	401,148	**—**	**129,852**	**—**	**—**	**—**	**—**	**531,000**
2008								
Executive directors								
Simon Jones (1)	—	—	—	—	—	—	—	—
John Wright (2)	—	—	—	—	—	—	—	—
Independent directors								
Neil Balnaves (2)	19,266	—	86,734	—	—	—	—	106,000
George Bennett (1)	23,853	—	2,147	—	—	—	—	26,000
Anne Keating (2)	69,725	—	6,275	—	—	—	—	76,000
Bruce Scott (4)	36,316	—	3,269	—	—	—	—	39,585
Roger Davis (3)	5,890	—	530	—	—	—	—	6,420
	155,050	—	98,955	—	—	—	—	254,005

(1) Directors of the Manager only.
(2) Directors of the Manager and MLOL.
(3) Director of MLOL only, appointed on 28 May 2008.
(4) Director of MLOL only, resigned on 21 January 2008.

The remuneration for Neil Balnaves, George Bennett and Anne Keating includes $100,000 (2008: $68,000) for compliance fees and board audit committee fees paid or payable by the Trust to the Manager and then paid by the Manager to these independent directors.

Simon Jones and John Wright are employed by Macquarie Group Limited. None of their salaries are recharged to the Group.

No termination benefits were paid during the current or preceding financial year. There are no cash bonuses or options paid or forfeited with respect to the executive directors. There are no cash bonuses or options forfeited with respect to specified executives not previously disclosed.

10 Remuneration report (cont.)

c) Executive securities plan (ESP)

In October 2006, MLOL's ESP was established, whereby eligible MLOL executives are provided the opportunity to acquire stapled securities in the Group (referred to as Plan Securities).

Under the ESP, the Plan Securities are acquired at market price and are held in the executives' names. The acquisition cost is funded by a non-recourse loan provided by the Trust, secured by a mortgage over the Plan Securities. While the Plan Securities are pledged as security for the loan or are the subject of vesting criteria (detailed below), the Plan Securities cannot be sold, transferred or otherwise disposed of.

One-third of the Plan Securities will vest on the second, third or fourth anniversaries respectively from the date of grant if the vesting criteria are met on the relevant anniversary.

For the vesting criteria to be met, the executive must be an employee of MLOL at the time, and the total shareholder return (TSR) requirements must be achieved.

In order to meet the TSR requirement, the Group's TSR is compared to a Benchmark Index, comprised 50% the accumulated Property Trust 300 Index and 50% the accumulated ASX 300 Small Ords Index.

— where the Benchmark Index is below 12.5%, the vesting criteria will be a TSR of 12.5%;
— where the Benchmark Index is above 12.5%, the vesting criteria will be the Benchmark Index return; and
— where TSR is above the Benchmark Index return but below 12.5%, the board will have discretion on vesting.

The loan has a four year term and is subject to interest calculated at the Trust's funding cost. Interest is payable six monthly at the time the distributions are paid on the Plan Securities. All distributions received by executives on the Plan Securities must be used to pay interest accrued on the loan.

On repayment of the loan, if the value of the Plan Securities transferred is less than the total amount of the loan owing by the executive to the Trust, no further amount is repayable by the executive.

The loan will become immediately repayable on termination of employment. Plan Securities that have not vested must be sold to repay the loan in full. If the Plan Securities have vested, the loan must be repaid within three months from termination date.

Under the requirement of AASB 2 *Share-based Payment*, loans granted under the ESP are accounted for as options to employees because of the non-recourse loan feature. Options were granted to executives on a number of different dates. The table below shows the fair value of the options granted on each grant date as well as the factors used to value the option:

Tranche	1	2	3	4
Valuation date	30 Nov 2006	18 Dec 2007	7 Jan 2008	8 Jan 2008
Expiry date	30 Nov 2010	18 Dec 2011	7 Jan 2012	8 Jan 2012
Underlying stapled security price	$3.00	$3.65	$3.39	$3.45
Exercise price	$3.00	$3.65	$3.39	$3.45
Expected distribution yield	6% per annum	6% per annum	6% per annum	6% per annum
Risk-free interest rate	5.89% per annum	7.72% per annum	7.51% per annum	7.51% per annum
Expected price volatility	23.5% per annum	32.8% per annum	32.8% per annum	32.8% per annum
Employee exit rate	2% per annum	0% per annum	0% per annum	0% per annum
Valuation per option at issue	25.7 cents	57.8 cents	68.5 cents	62.5 cents
Valuation per option at 30 June 2009	1 cent	1 cent	1 cent	1 cent

d) Additional information

Performance of MLOL

Over the past five years, distributable earnings of the Group have increased by 160% and the market capitalisation of the Group has increased by 111%. Over the same period, compensation paid to key management personnel including management fees and performance fees paid to the Manager, has increased by 269%.

Details of remuneration: cash bonuses and options

All service and performance criteria were met by executives eligible for a bonus with respect to their performance in the 30 June 2008 financial year. These bonuses were paid during the year and no amounts were forfeited. No part of the bonuses is payable in future years. Bonuses with respect to performance within the 30 June 2009 financial year have been accrued but are subject to approval by the remuneration committee before payment.

Options granted to executives vest over varying periods of two, three and four years, provided the vesting conditions are met (see 10(c) ESP). No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

11 Non-audit services

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

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

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

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

12 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 37.

13 Events occurring after reporting date

Subsequent to year end, a distribution of 7.8 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $18.8 million will be paid on 20 August 2009 in respect of the half year ended 30 June 2009.

Subsequent to the end of the period the Trust has completed the sale and leaseback of 3 more freehold bowling centres, realising proceeds of $12.5 million.

On 2 July 2009, the Group raised $41.7 million of equity at a stapled security issue price of $1.15 via an institutional placement. On 10 August 2009, a security purchase plan to retail investors was completed which raised a further $25.0 million of equity at $1.15.

On 25 June 2009, the Group announced a proposal to acquire the Manager from Macquarie Group Limited for $17 million. This transaction is subject to stapled securityholder approval and will be voted on at the Combined General Meeting on 27 August 2009. If this proposal is successful the management of the Trust will be internalised and the Group will be renamed Ardent Leisure Group.

Since the end of the financial year, the directors of the Manager and MLOL are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2009.

14 Likely developments and expected results of operations

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

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

15 Indemnification and insurance of officers and auditor *Manager*

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

MLOL

Under MLOL's Constitution, MLOL indemnifies:

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

During the reporting period, MLOL had in place a policy of insurance covering the directors and officers against liabilities arising as a result of work performed in their capacity as directors and officers of MLOL.

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

The interests in the Trust held by the Manager or its related entities as at 30 June 2009 and fees paid to its related entities during the financial year are disclosed in Notes 7 and 36 to the financial statements.

17 Environmental regulations

The Group is subject to significant environmental regulation in respect of its operating activities.

During the reporting year, the Group's major businesses were subject to environmental legislation in respect of its operating activities as set out below:

a) Dreamworld

Dreamworld and WhiteWater World theme parks are subject to various legislative requirements in respect of environmental impacts of their operating activities.

The Queensland Environmental Protection Act, 1994 (Act) regulates all activities where a contaminant may be released into the environment and/or there is a potential for environmental harm or nuisance. In accordance with Schedule 1 of the Environmental Regulation 1998, Dreamworld holds licences or approvals for the operation of a helipad, motor vehicle workshop, train-shed and storage and usage of flammable/combustible goods. During the reporting year, Dreamworld and WhiteWater World complied with all requirements of the Act.

The environment committee met on a quarterly basis to improve upon a wide range of environmental performance criteria. The recycling program was further expanded to minimise the impact of glass, plastics and aluminium and other waste products on the wider community. The Water Efficiency Management Plan sets out a range of water conservation initiatives, each of which were complied with and refined upon. Dreamworld continued a voluntary staff initiative called "Eco-blitz". This voluntary program focuses on improvement of key environmental performance criteria. This involves staff donating their time to carry out environmental projects in the local community such as the control of noxious weeds, recycling programs and the humane treatment of pests. These initiatives were additionally integrated into existing staff training programs to further strengthen environmental culture within the organisation.

Dreamworld continued progress towards an environmental certification program called "Green Globe". This internationally recognised program establishes a structure which requires incremental improvement of environmental performance, particularly in the areas of water, waste and energy conservation. Provisional bronze certification was achieved in April 2009.

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

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

There are two water licences for the Dreamworld/WhiteWater World property. These relate to water conservation and irrigation purposes. These licences were renewed in accordance with the Water Act 2000. There have been no issues or events of non-compliance recorded by management or the regulatory authorities regarding water use.

b) d'Albora Marinas

Schedule 1 Environment Protection Licences are held for all five NSW marinas in the portfolio in accordance with the Protection of the Environment Operations Act 1997 (NSW).

During the course of the reporting year, there was one reported environmental incident throughout the portfolio, which was immediately reported to the relevant authorities, including management's actions. This incident was minor in nature and did not result in further action. d'Albora Marinas acted in co-operation with the NSW Environment Protection Authority (EPA) and other government agencies to protect the environment at its NSW marinas.

There are no specific environmental licence requirements in Victoria relating to the Pier 35 or Victoria Harbour marinas.

In July 2002, the NSW EPA was notified of long term historic groundwater contamination at the Rushcutters Bay marina, and the plan to manage the contamination. d'Albora Marinas has been working in consultation with the EPA to rectify the site contamination.

c) Bowling centres

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

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

Lane cleaning and maintenance products are largely water based products, excluding approach cleaner, which is a solvent based product. This product is disposed of in accordance with each State and Territory's EPA requirements. Noise is adequately monitored for both internal and external environmental breaches. Noise emissions fall within acceptable levels for both residential and industrial areas and all EPA requirements. No complaints have been received since acquisition of the business.

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

e) Family entertainment centres – United States of America
Main Event is subject to various federal, state and local environmental requirements with respect to development of new centres in the United States of America. On a federal level, the Environmental Protection Agency (EPA) is responsible for setting national standards for a variety of environmental programs, and delegates to states the responsibility for issuing permits and for monitoring and enforcing compliance. The Texas Commission on Environmental Quality (TCEQ) is the environmental agency of record for the state.

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

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

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

f) Goodlife Health Clubs
Goodlife are subject to environmental regulations across the business have initiatives in place to meet all areas of environmental compliance.

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

Hazardous substances and dangerous goods are strictly monitored in the business and where possible non hazardous chemicals are used. All hazardous chemicals and dangerous goods are disposed as per current regulations. All clubs hold site specific chemical registers with safe work methods. Noise emissions do not contravene state regulations or impact on surrounding business or neighbourhoods.

g) Greenhouse gas and energy data reporting requirements
The Australian entities in the Group are subject to the reporting requirement of the *National Greenhouse and Energy Reporting Act 2007*.

The *National Greenhouse and Energy Reporting Act 2007* requires the Australian entities in the Group to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. Based on information obtained, the Group is currently below the mandatory reporting requirements for the financial year and so no reporting is required. The reporting limits will reduce over the next few years and so reporting may be required in the year ended 30 June 2010.

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

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

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

Neil Balnaves
Director

Sydney
20 August 2009

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Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Leisure Trust Group for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Timothy J. Allman
Partner

PricewaterhouseCoopers

Brisbane
20 August 2009

Income Statements

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Income					
Revenue from operating activities	3	366,005	325,772	74,262	72,577
Property valuation gains – investment properties		—	3,361	—	—
Net gain from derivative financial instruments	4	—	1,099	—	1,441
Interest income		453	781	11,605	12,117
Other income		213	130	1,238	—
Total income		**366,671**	**331,143**	**87,105**	**86,135**
Expenses					
Property valuation losses – Investment properties		26,804	—	67,584	28,785
Net loss from derivative financial instruments	4	3,932	—	6,403	—
Purchases of finished goods		41,017	40,013	—	—
Salary and employee benefits		131,489	116,215	—	—
Borrowing costs	5	17,914	14,560	18,254	15,036
Property expenses	6	68,767	53,031	28,243	26,346
Loss on sale of assets		3,798	303	153	241
Management base fee	7	3,002	3,051	3,002	3,051
Management performance fee	7	1,132	—	1,132	—
Advertising and promotions		16,396	15,284	—	—
Repairs and maintenance		18,154	15,518	—	—
Pre-opening expenses		1,735	1,902	—	—
Impairment of goodwill		1,327	—	—	—
Other expenses	8	35,453	30,449	19,269	1,871
Total expenses		**370,920**	**290,326**	**144,040**	**75,330**
(Loss)/profit before tax expense and finance costs attributable to minority interest holders		**(4,249)**	**40,817**	**(56,935)**	**10,805**
US withholding tax expense		541	502	541	502
Income tax (benefit)/expense	10	(2,516)	2,383	—	—
(Loss)/profit before finance costs attributable to minority interest holders		**(2,274)**	**37,932**	**(57,476)**	**10,303**
Finance costs attributable to minority interest holders		1,478	1,517	—	—
(Loss)/profit		**(796)**	**39,449**	**(57,476)**	**10,303**
Attributable to:					
Stapled securityholders		(748)	39,596	(57,476)	10,303
Minority interest		(48)	(147)	—	—
(Loss)/profit		**(796)**	**39,449**	**(57,476)**	**10,303**
Basic earnings per stapled security (cents)	11	(0.32)	17.87		
Diluted earnings per stapled security (cents)	11	(0.31)	17.81		
Distribution in respect of the year ended 30 June	12	34,129	44,102		
Distribution per stapled security in respect of the year ended 30 June (cents)	12	14.30	19.60		

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

Balance Sheets

As at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current assets					
Cash and cash equivalents	33	12,205	20,621	2,096	3,116
Receivables	13	3,576	4,536	2,799	1,612
Derivative financial instruments	14	255	2,185	255	2,185
Inventories	15	8,307	7,735	—	—
Current tax receivables		1,571	52	—	—
Property held for sale	16	50,081	24,485	50,081	9,194
Other	17	7,271	6,218	311	723
Total current assets		**83,266**	**65,832**	**55,542**	**16,830**
Non-current assets					
Investment properties	18	79,402	121,709	345,594	462,216
Property, plant and equipment	19	450,485	495,707	88,036	85,848
Interest bearing receivables		899	820	128,861	170,831
Derivative financial instruments	14	—	1,384	—	1,384
Livestock		508	615	—	—
Intangible assets	20	125,322	125,973	396	495
Deferred tax assets	21	5,210	3,402	—	—
Investment in controlled entities	22	—	—	52,525	9,605
Total non-current assets		**661,826**	**749,610**	**615,412**	**730,379**
Total assets		**745,092**	**815,442**	**670,954**	**747,209**
Current liabilities					
Payables	23	43,433	41,279	7,693	6,296
Derivative financial instruments	14	7,868	—	7,868	—
Interest bearing liabilities	24	3,113	168	1,320	—
Current tax liabilities		—	1,209	—	—
Provisions	25	4,429	4,071	—	—
Other	26	2,808	2,004	—	—
Total current liabilities		**61,651**	**48,731**	**16,881**	**6,296**
Non-current liabilities					
Payables – minority interest	23	6,125	8,199	—	—
Derivative financial instruments	14	1,038	—	1,038	—
Interest bearing liabilities	24	259,566	250,400	249,345	250,331
Provisions	25	713	4,836	—	—
Deferred tax liabilities	27	6,081	6,964	—	—
Total non-current liabilities		273,523	270,399	250,383	250,331
Total liabilities		335,174	319,130	267,264	256,627
Net assets		**409,918**	**496,312**	**403,690**	**490,582**
Equity					
Contributed equity	28	316,070	304,581	313,413	302,068
Reserves	30	50,428	122,687	(3,295)	1,077
Retained profits	31	42,671	68,247	93,572	187,437
Total equity attributable to stapled securityholders		409,169	495,515	403,690	490,582
Minority interest		749	797	—	—
Total equity		**409,918**	**496,312**	**403,690**	**490,582**

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

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Total equity at the beginning of the year		**496,312**	**490,394**	**490,582**	**483,008**
Profit		(796)	39,449	(57,476)	10,303
Net income recognised directly in equity					
— Cash flow hedges	30	(4,629)	(1,198)	(4,629)	(1,198)
— Revaluation of property, plant and equipment	30	(39,417)	(28,659)	—	—
— Security based payments	30	156	86	17	(34)
— Recognition of put and call option on acquisition of Goodlife	30	—	(2,309)	—	—
— Foreign exchange translation difference	30	(17,048)	(1,403)	—	—
		(60,938)	(33,483)	(4,612)	(1,232)
Total recognised income and expense		**(61,734)**	**5,966**	**(62,088)**	**9,071**
Total recognised income and expense is attributable to:					
Stapled securityholders		(61,686)	6,113	(62,088)	9,071
Minority interest		(48)	(147)	—	—
		(61,734)	**5,966**	**(62,088)**	**9,071**
Transactions with minority interest					
— Minority interest on acquisition of subsidiary		—	944	—	—
		—	**944**	**—**	**—**
Transactions with stapled securityholders in their capacity as stapled securityholders					
— Contributions of equity, net of issue costs	28	12,134	40,721	12,009	40,203
— Purchase of stapled securities for ESP	28	487	(1,081)	468	(1,068)
— Sale of stapled securities for ESP	28	—	52	—	52
— Performance fee securities	30	1,132	—	1,132	—
— Distributions paid and payable	31	(38,413)	(40,684)	(38,413)	(40,684)
Total transactions with stapled securityholders in their capacity as stapled securityholders		**(24,660)**	**(992)**	**(24,804)**	**(1,497)**
Total equity at the end of the year		**409,918**	**496,312**	**403,690**	**490,582**

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

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Receipts from customers		363,880	365,523	76,280	70,111
Payments to suppliers and employees		(245,856)	(268,130)	—	—
Property expenses paid		(30,863)	(17,033)	(17,243)	(16,709)
Other operating expenses paid		(4,222)	(4,738)	(4,208)	(4,757)
Realised gains on derivative financial instruments		903	493	903	493
Interest received		507	989	12,041	11,675
US withholding tax paid		(547)	(512)	(547)	(512)
Income tax paid		(1,559)	(3,901)	—	—
Net cash flows from operating activities	34 (a)	**82,243**	**72,691**	**67,226**	**60,301**
Cash flows from investing activities					
Payment for property, plant and equipment		(45,162)	(69,897)	(23,755)	(46,892)
Proceeds from sale of plant and equipment		739	153	72	145
Proceeds from sale of land and buildings		16,875	—	16,875	—
Payment for purchase of businesses		(1,350)	(73,359)	(9,917)	(1,161)
Distribution from joint venture entities		—	—	1,238	—
Net cash flows from investing activities		**(28,898)**	**(143,103)**	**(15,487)**	**(47,908)**
Cash flows from financing activities					
Proceeds from borrowings		3,587,942	849,550	3,576,009	849,550
Repayment of borrowings		(3,606,057)	(761,606)	(3,606,057)	(761,606)
Borrowing costs		(18,022)	(14,241)	(17,952)	(14,742)
Acquisition of stapled securities		—	(1,081)	—	(1,081)
Proceeds from issue of stapled securities		—	24,830	—	24,586
Repayment of principal of finance lease		(155)	(176)	—	—
Costs of issue of stapled securities		(64)	(375)	(64)	(375)
Disposal of stapled securities		503	52	503	—
Increase/(decrease) in loan from Trust to related parties		—	—	21,017	(86,807)
Contribution from minority shareholders for investment in Macquarie Leisure Health Clubs 1 Limited		—	944	—	—
Distributions paid to stapled securityholders		(26,215)	(24,640)	(26,215)	(24,640)
Net cash flows from financing activities		**(62,068)**	**73,257**	**(52,759)**	**(15,115)**
Net (decrease)/increase in cash and cash equivalents		(8,723)	2,845	(1,020)	(2,722)
Cash and cash equivalents at the beginning of the year		20,621	17,962	3,116	5,838
Effect of exchange rate changes on cash and cash equivalents		307	(186)	—	—
Cash at the end of the year	33	**12,205**	**20,621**	**2,096**	**3,116**

The above Cash Flow Statements 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 this financial report for the year ended 30 June 2009 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards, and the *Corporations Act 2001*.

This financial report consists of the consolidated financial report of Macquarie Leisure Trust Group (Group) which comprises Macquarie Leisure Trust (Trust) and its controlled entities including Macquarie Leisure Operations Limited (MLOL). Although there is no ownership interest between the Trust and MLOL, the Trust is deemed to be the parent entity under Australian Accounting Standards. As such, a consolidated financial report has been prepared for the Group as well as MLOL.

Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has also been prepared in accordance with and complies with IFRS 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 Note 1(f), Note 1(g), Note 1(l), Note 1(m), Note 1(p) and Note 1(ac) and assumptions related to deferred tax assets and liabilities and impairment testing of goodwill, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

b) Principles of consolidation

The units of the Trust and the shares of MLOL are combined and issued as stapled securities in the Group. The units of the Trust and shares of MLOL 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 MLOL. The consolidated financial report combines the financial report for the Trust and MLOL 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.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority 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 MLOL for the period.

c) Cash and cash equivalents

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

d) Receivables

Receivables are carried at the amounts due to the Group less provision for doubtful debts. The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off in the period in which they are identified. A provision for doubtful debts is raised where there is objective evidence that the Group will not collect all amounts due. The amount of the provision is the difference between the carrying amount and estimated future cash flows. Cash flows relating to current receivables are not discounted.

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

Amounts due to the Parent entity from controlled entities are classified as loans receivable where arm's length terms and a maturity date are included. Where such terms do not apply the amount is classified as an investment in a controlled entity.

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1 Summary of significant accounting policies (cont.)

e) Inventories

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

f) Investment properties

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

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

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

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

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

- Assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
- Information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
- Capitalisation rates used to value the asset, market rental levels and lease expiries;
- Changes in interest rates;
- Asset replacement values;
- Discounted cash flow models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

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

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

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, 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.

g) 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. Revaluation movements are recorded in the asset revaluation reserve.

At each reporting date, the fair values of PPE is 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.

1 Summary of significant accounting policies (cont.)

g) Property, plant and equipment (cont.)

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 volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

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

The fair value of PPE has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if property, plant and equipment 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 (Note 1(m)).

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

h) Leases

Leases of property, plant and equipment (Note 19) where the Group has substantially all the risks and rewards of ownership are classified as finance leases (Note 24). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The PPE acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 40(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight line basis over the lease term.

1 Summary of significant accounting policies (cont.)

i) Investments and other financial assets

Investments are carried at historical cost less any impairment charge.

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

j) Assets held for sale

Non current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

Non current assets are not depreciated or amortised while they are classified as held for sale.

Non current assets classified as held for sale are presented separately from the other assets in the balance sheet.

k) Livestock

Livestock is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the animals.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other maintenance expenditure is charged to the Income Statement during the financial period in which it is incurred.

Depreciation on livestock is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over the useful lives of the assets which range from five to 50 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 (Note 1(m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

l) Intangible assets

Brands

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

Customer relationships

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

Other intangibles

Intellectual property purchased is amortised on a straight-line basis over the period during which benefits are expected to be received, which is seven years. Liquor licenses are amortised over the length of the license which are between 10-16 years, depending on the length of the license.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisition of entities is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each primary reporting segment.

m) Impairment of assets

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

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

1 Summary of significant accounting policies (cont.)

n) Payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 or 60 days of recognition.

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

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

p) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, 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 transaction have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

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

ii) Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

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

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

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

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

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

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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group’s outstanding borrowings during the year. The average capitalisation rate used was 4.61% per annum (2008: 6.98% per annum) for Australian dollar debt and 3.47% per annum (2008: 5.18% per annum) for US dollar debt.

1 Summary of significant accounting policies (cont.)

r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

s) Share based payments

For the purposes of determining the accounting treatment recorded in the financial statements of the Group, AASB interpretation 11 – AASB 2 – Group and Treasury Share Transactions has been referred to. This interpretation outlines the treatment where the granting of units or shares has been made by an entity other than the entity itself. In this case, the Company is considered to have granted the rights to units in the stapled entity to employees. As such the share based payment is accounted for as a "cash settled share based payment" in the Group.

t) 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.

t) Employee benefits (cont.)

iii) Executive Securities Plan (ESP)

Security-based compensation benefits are provided to employees via the ESP. 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-based 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 is measured at grant date and recognised over the period during which employees become unconditionally entitled to the securities.

The fair value at grant date is determined using the trinomial options pricing model. This methodology has been adopted as the unexpired synthetic options may be exercised any time between the vesting and maturity date, and there are vesting conditions attached to the securities. This methodology involves plotting possible paths that might be followed by the price of the underlying stock over the life of the option. The outcomes of the movements in the security price are discounted back to present value using the risk free rate.

At each balance sheet 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 (cont.)

u) Tax

Income tax

The Trust is not subject to income tax. However, both of its controlled entities, Macquarie Leisure (NZ) Trust and MLOL 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

MLOL and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 8 February 2005.

The head entity, MLOL, 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, MLOL 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 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 this financial report, as the Trust expects to distribute such amounts to its unitholders.

v) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO). The non-recoverable GST is recognised as part of the income, expense or asset. Receivables and payables are inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included in receivables or payables in the Balance Sheet. Cash flows relating to GST are included in the Cash Flow Statement on a gross basis.

w) Contributed equity

Ordinary stapled securities are classified as equity.

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

x) Reserves

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

y) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

i) Rendering of services

Revenue from rendering of services including 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 revenue

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

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.

1 Summary of significant accounting policies (cont.)

z) 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

iii) Foreign operations

Assets and liabilities of foreign controlled entities are translated at exchange rates ruling at balance date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities are taken directly to the foreign currency translation reserve. On consolidation, exchange differences on loans denominated in foreign currencies, where the loan is considered part of the net investment in that foreign operation, are taken directly to the foreign currency translation reserve. At 30 June 2009, the spot rate used was A$1.00 = NZ$1.2496 (2008: A$1.00 = NZ$1.2586) and A$1.00 = US$0.8068 (2008: A$1.00 = US$0.9582). The average spot rate during the year ended 30 June 2009 was A$1.00 = NZ$1.2306 2008: A$1.00 = NZ$1.1761) and A$1.00 = US$0.7445 (2008: A$1.00 = US$0. 9044).

aa) Segment information

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

ab) Earnings per stapled security

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

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

ac) Fair value estimation

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

The fair value of financial instruments traded in active markets is based on 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; the appropriate quoted market price for financial liabilities is the current ask price.

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

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

ad) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1 Summary of significant accounting policies (cont.)

ae) Dividends

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

af) Fractional boat ownership

Sydney Boat Share (SBS) trading includes the selling of shares in vessel owning companies (VOCs) which have acquired a vessel for the personal use of their shareholders. The VOCs are initially owned by SBS, however, the shares held are subsequently sold to individual investors in return for a right to use the vessel.

The VOCs are consolidated from the date on which control is transferred to the Group, which is the date the VOC issues shares to SBS.

Minority interests in the VOCs have been disclosed as a liability of the Group, as a result of SBS's obligation to repurchase the shares after a specified time period or event. These liabilities are discounted to their present value and amortised over the specified time period identified above.

The vessel is capitalised as a non-current asset and depreciated over its useful life using the straight-line method.

ag) New accounting standards and UIG interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 July 2009 or later periods but which the Group has not yet adopted. These include:

i) AASB 8 Operating Segments (effective from 1 July 2009)
This standard will require the entity to adopt the 'management approach' to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required. AASB 2007-03 contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 8. The impact on the financial statements will be limited to disclosures;

ii) AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)
This standard introduces the notion of a 'complete set of financial statements', and changes the presentation of financial statements so owner changes in equity are disclosed separately from non-owner changes in equity. All non-owner changes in equity ('comprehensive income') will be presented either in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income), instead of being presented in the statement of changes in equity. Additional disclosure will be made of the income tax relating to each component of other comprehensive income, and the titles of the financial statements will change although their use will not be mandatory ('balance sheet' becomes 'statement of financial position'; 'income statement' becomes part of the 'statement of comprehensive income', unless a separate income statement is provided; 'cash flow statement' becomes 'statement of cash flows');

iii) AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements (effective from 1 July 2009)
These revised standards amend the accounting for certain aspects of business combinations and changes in ownership interests in subsidiaries. Changes include:

- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
- changes in control are considered significant economic events, thereby requiring:
- previous ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is gained (i.e. becomes a subsidiary); and
- retained ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control is lost (i.e. divestment of a subsidiary); and
- changes in a parent's ownership interest in a subsidiary that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity.

1 Summary of significant accounting policies (cont.)

ag) New accounting standards and UIG interpretations (cont.)

iv) AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009).
This standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to align with IFRS terminology.

v) AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009).
This revised standard eliminates the current option available to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised standard requires that they be capitalised as part of the cost of the asset. All other borrowing costs should be expensed as they are incurred. As the Trust currently capitalises borrowing costs relating to qualifying assets, this revised standard is expected to have minimal impact on the financial statements. AASB 2007-06 contains the consequential amendments to other Australian Accounting Standards as a result of the publication of the revised AASB 123. The impact on the financial statements will be limited to disclosures;

ah) Rounding

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

2. Trust 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. MLOL was incorporated on 28 April 2003. The Manager and MLOL entered into the stapling deed effective 1 July 2003.

3. Revenue from operating activities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Revenue from services	257,884	215,986	—	—
Revenue from sale of goods	88,035	90,097	—	—
Revenue from rentals	19,661	18,588	74,262	72,577
Other revenue	425	1,101	—	—
Revenue from operating activities	**366,005**	**325,772**	**74,262**	**72,577**

4. Net gain from derivative financial instruments

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
(Loss)/gain on derivatives – unrealised	(7,306)	948	(7,306)	948
Gain/(loss) on Goodlife put and call option – unrealised	2,471	(342)	—	—
Gain on derivatives – realised	903	493	903	493
	(3,932)	**1,099**	**(6,403)**	**1,441**

5. Finance costs

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Borrowing costs paid or payable	18,806	15,373	18,755	15,492
Less: Capitalised borrowing costs	(892)	(813)	(501)	(456)
Finance costs expensed	**17,914**	**14,560**	**18,254**	**15,036**

6. Property expenses

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Depreciation	24,698	19,320	9,100	7,835
Amortisation	4,016	2,668	99	99
Landlord rent and outgoings	33,160	24,881	13,332	12,505
Insurance	977	1,031	889	978
Head-lease fees	1,540	1,329	1,540	1,329
Rates	2,666	1,427	1,579	1,274
Land tax	1,249	1,262	1,249	1,262
Other	461	1,113	455	1,064
	68,767	**53,031**	**28,243**	**26,346**

7 Management fees

The manager of the Trust is Macquarie Leisure Management Limited, a wholly-owned subsidiary of Macquarie Group Limited. The Manager's registered office and principal place of business is 1 Martin Place, Sydney NSW 2000.

On 5 July 2005, a vote was passed at a meeting of stapled securityholders to change the structure of the remuneration the Manager receives from the Trust to include a performance fee effective 1 July 2005.

a) Base management fee

The base management fee is 0.20% per annum of the total assets of the Trust and 3.5% of the amount available for distribution to unitholders.

b) Performance fee

The performance fee will be paid (if eligible) annually based on the accumulated return of the Group compared to an index consisting 50% the accumulated Property Trust 300 Index and 50% the accumulated ASX 300 Small Ords Index (Index). Where outperformance exceeds 5%, the Manager will receive a performance fee equal to the value of 10% of this excess multiplied by the opening market capitalisation of the Group at the commencement of the financial year (Tier 1); and where the outperformance exceeds 10%, the Tier 1 performance fee plus 5% of the additional excess during the financial year (Tier 2) multiplied by the opening market capitalisation of the Group.

Where the Group underperforms the benchmark in a period, it must make up the underperformance in future periods before a performance fee is payable.

The total annual fee (base management fee plus performance fee) will not exceed 2.5% of the volume weighted average market capitalisation of the Group during the financial year. There is no deferral of fees. The performance fee is payable in stapled securities at the higher of the distribution reinvestment plan price (before discount) or the Group's net tangible assets (NTA) figure.

c) Management fee calculation

The management fees for the year ended 30 June 2009 are detailed as follows:

	Consolidated 2009 $	Consolidated 2008 $	**Parent 2009 $**	Parent 2008 $
Base management fee	3,002,449	3,051,217	3,002,449	3,051,217
Performance fee	1,132,023	—	1,132,023	—
	4,134,472	**3,051,217**	**4,134,472**	**3,051,217**

On 26 June 2009, the Group announced a proposal to acquire the Manager from Macquarie Group Limited for $17 million. This transaction is subject to unitholder approval and will be voted on at the EGM on 27 August 2009. If the internalisation is approved, the performance fee payable to the Manager for the year ended 30 June 2009 will be waived.

The relative performance of the Group to the Index was:

	1 Jul 2008-30 Jun 2009	1 Jul 2007-30 Jun 2008
Trust performance	(45.3%)	(48.1%)
Index performance	(53.4%)	(29.1%)
Out/(under) performance by the Group	**8.1%**	**(19.0%)**

The Index performance was calculated based on the performance of the following two indices (weighted 50% each):

Property Trust 300 Index	(63.8%)	(37.7%)
ASX 300 Small Ords Index	(43.0%)	(20.5%)

8 Other expenses

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Accounting fees	236	195	236	195
Audit committee and compliance fees — independent directors	100	69	100	68
Audit fees	781	647	186	191
Consulting fees	777	688	35	—
Consumables	2,531	2,235	—	—
Custodian fees	103	127	95	118
Electricity	9,210	7,818	—	—
Foreign exchange loss — realised	240	123	183	110
Foreign exchange loss — unrealised	—	—	18,004	599
Fuel and oil	445	471	—	—
Insurance	1,632	1,520	—	—
Legal fees	33	105	28	97
Merchant fees	4,492	3,352	—	—
Motor vehicles	677	793	—	—
Permits and fees	3,125	2,453	—	—
Printing, stationery and postage	2,691	2,504	62	117
Registry fees	76	157	76	157
Stapled securityholder communication costs	65	111	65	111
State taxes	436	432	—	—
Stock exchange costs	28	62	28	62
Taxation fees	139	11	23	9
Telephone	1,828	1,662	—	—
Training	945	643	—	—
Travel costs	1,529	1,814	—	—
Valuation fees	25	7	25	7
Other	3,309	2,450	123	30
	35,453	**30,449**	**19,269**	**1,871**

9 Remuneration of auditor

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

Audit services	780,563	647,110	185,920	190,605
Taxation services	138,944	10,604	22,760	9,004
	919,507	**657,714**	**208,680**	**199,609**

10 Income tax expense

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
a) Income tax (benefit)/expense				
Current tax	(811)	3,467	—	—
Deferred tax	(923)	(1,159)	—	—
Under provided in prior year	(782)	75	—	—
	(2,516)	**2,383**	**—**	**—**
Income tax (benefit)/expense is attributable to:				
Profit from continuing operations	**(2,516)**	**2,383**	**—**	**—**
Deferred income tax (benefit)/expense included in income tax expense comprises:				
Increase)/decrease in deferred tax assets	(1,808)	(646)	—	—
Increase/(decrease) in deferred tax liabilities	885	(513)	—	—
	(923)	**(1,159)**	**—**	**—**
b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable				
(Loss)/profit from continuing operations before income tax (benefit)/expense	(4,249)	40,817	(56,935)	10,805
Less: (Profit)/loss from the Trusts	(8,180)	(44,315)	56,935	(10,805)
Prima facie loss	(12,429)	(3,498)	—	—
Tax at the Australian tax rate of 30% (2007: 30%)	(3,729)	(1,049)	—	—
Tax effects of amounts which are not deductible/ (taxable) in calculating taxable income:				
Movement in foreign exchange	—	297	—	—
Goodwill impairment	275	—	—	—
Entertainment	37	62	—	—
Non-deductible depreciation and amortisation	2,006	2,265	—	—
Non-deductible interest due to thin capitalisation	384	476	—	—
Sundry items	83	216	—	—
Goodlife put and call option	(741)	—	—	—
Difference in overseas tax rates	(49)	41	—	—
Under provision in prior year	(782)	75	—	—
Income tax (benefit)/expense	**(2,516)**	**2,383**	**—**	**—**

10 Income tax expense (cont.)

c) Unrecognised temporary differences
The Group has undistributed profits of $5,831,000 (2008: $7,830,000) which, if paid out as dividends, would be fully franked.

The Group has tax losses of $508,322 (2008: nil) which have not been recognised as they are not deemed recoverable.

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

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

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

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

11 Earnings per stapled security

	2009	2008
Basic earnings per stapled security (cents)	(0.32)	17.87
Diluted earnings per stapled security (cents)	(0.31)	17.81
Core earnings per stapled security (cents)	19.10	20.30
Earnings used in the calculation of basic and diluted earnings per stapled security ($'000)	(748)	39,596
Earnings used in the calculation of core earnings per stapled security (refer calculation in table below) ($'000)	45,246	44,980
Weighted average number of stapled securities on issue used in the calculation of basic and distributable earnings per stapled security ('000)	236,896	221,576
Weighted average number of stapled securities held by MLOL employees under the ESP (Note 29) ('000)	784	810
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per stapled security ('000)	237,680	222,386

On 2 July 2009, the Group raised $41.7 million of equity at a stapled security issue price of $1.15 via an institutional placement. On 10 August 2009, a security purchase plan to retail investors was completed which raised a further $25.0 million of equity at $1.15. These transactions resulted in the issue of an additional 58,027,914 stapled securities subsequent to 30 June 2009.

Calculation of core earnings
The Manager does not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to stapled securityholders. 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 represents the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items and reserve transfers. Per the Trust Constitution, the amount distributed to stapled securityholders 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.

11 Earnings per stapled security (cont.)

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

	2009 $'000	2008 $'000
(Loss)/profit used in calculating earnings per stapled security	(748)	39,596
Unrealised items		
— Unrealised loss/(gain) on derivative financial instruments	7,306	(948)
— Unrealised (gain)/loss on Goodlife put and call option	(2,471)	342
— Tax expense on unrealised foreign exchange in MLOL	(1,065)	—
— Property valuation (losses)/gains – investment properties	26,804	(3,361)
Non-cash items		
— Straight-lining of fixed rent increases	1,889	1,443
— Impairment of goodwill	1,327	—
— Amortisation of Goodlife intangible assets	3,848	2,519
— Tax impact of amortisation of Goodlife intangible assets	(1,154)	—
Reserve transfers		
— Transfer from contributed equity for performance fee	1,132	—
— Transfer to asset revaluation reserve [1]	4,955	3,487
Distributable earnings	41,823	43,078
One off realised items		
— Pre-opening expenses	1,735	1,902
— Loss on write off of aborted development projects	2,980	—
— Tax impact of write of aborted development project	(983)	—
— Gain on sale of freehold land and buildings [2]	(309)	—
Core earnings	**45,246**	**44,980**

[1] The transfer from asset revaluation reserve represents depreciation recorded under Australian Accounting Standards effective 1 July 2005 on property, plant and equipment which were previously classified as investment properties.
[2] During the period the Group sold six AMF bowling freehold properties for $17.55 million. Four of the properties have been leased back to the Group on long term leases and one on short term leases. A gain of $0.30 million was recorded in the period. Revaluations totalling $5.66 million were recorded on these properties in previous periods, so consequently a gain of $5.59 million was realised over the term of the Group's investment in these properties.

12 Distributions paid and payable

	Distribution cents per stapled security	Total amount $'000	Tax deferred %	CGT concession amount %	Taxable %
2009 distributions for the half year ended:					
31 December 2008	6.5	15,326			
30 June 2009 [1]	7.8	18,803			
	14.3	**34,129**	**26.24**	**16.43**	**57.33**
2008 distributions for the half year ended:					
31 December 2007	9.6	21,015			
30 June 2008 [2]	10.0	23,087			
	19.6	**44,102**	**10.70**	**3.95**	**85.35**

[1] The distribution of 7.8 cents per stapled security for the half year ended 30 June 2009 was not declared prior to 30 June 2009. Refer to Note 42.
[2] The distribution of 10 cents per stapled security for the half year ended 30 June 2008 was not declared prior to 30 June 2008.

13 Receivables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Trade receivables	3,474	4,407	—	—
Controlled entity receivables	—	—	2,796	1,612
Provision for doubtful debts	(138)	(232)	—	—
	3,336	4,175	2,796	1,612
Sundry receivable	240	361	3	—
	3,576	**4,536**	**2,799**	**1,612**

The Group has recognised an expense of $124,931 (2008: $365,051) in respect of bad and doubtful trade receivables during the year ended 30 June 2009. The expense has been included in other expenses in the Income Statement.

14 Derivative financial instruments

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current assets				
Forward foreign exchange contracts	255	1,793	255	1,793
Interest rate swaps	—	392	—	392
	255	**2,185**	**255**	**2,185**
Non-current assets				
Interest rate swaps	—	1,384	—	1,384
	—	**1,384**	**—**	**1,384**
Current liabilities				
Interest rate swaps	7,868	—	7,868	—
	7,868	**—**	**7,868**	**—**
Non-current liabilities				
Interest rate swaps	1,038	—	1,038	—
	1,038	**—**	**1,038**	**—**

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 (2008: A$0.3 million) 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$0.7574 (2008: A$1.00 = US$0.7558). These contracts total A$9.7 million (2008: A$12.7 million) and the last of these contracts matures in December 2012.

The Group has also entered into forward foreign exchange contracts to sell New Zealand dollars and receive Australian dollars at an average exchange rate of A$1.00 = NZ$1.2207 (2008: A$1.00 = NZ$1.1894). These contracts total A$5.2 million (2008: 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 that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange exposures of the Group.

14 Derivative financial instruments (cont.)

Interest rate swaps

The Group has entered into an interest rate swap agreement totalling $75 million (2008: $75 million) that entitles it to receive interest, at quarterly intervals, at a floating rate on a notional principal and obliges it to pay interest at a fixed rate. The interest rate swap agreement allows the Group to raise long-term borrowings at a floating rate and effectively swap them into a fixed rate.

The Group has also entered into a US dollar interest rate swap agreement totalling US$45 million (2008: $45 million) that entitles it to receive interest at a floating rate on a notional principal amount and obliges it to pay interest at a fixed rate on the same amount.

The interest rate swap contracts qualify as cash flow hedges. Accordingly, the change in fair value of these swaps is recorded in the cash flow hedge reserve. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement.

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

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Less than 1 year	—	—	—	—
1-2 years	—	—	—	—
2-3 years	45,000	—	45,000	—
3-4 years	—	45,000	—	45,000
4-5 years	85,778	—	85,778	—
More than 5 years	—	76,964	—	76,964
	130,778	**121,964**	**130,778**	**121,964**

15 Inventories

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Goods held for resale	8,327	7,755	—	—
Provision for diminution	(20)	(20)	—	—
	8,307	**7,735**	**—**	**—**

There was no reversal of write downs of inventories recognised as a benefit during the year ended 30 June 2009 (2008: $nil).

16 Property held for sale

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Bowling centres	33,581	9,194	33,581	9,194
Dreamworld excess land	16,500	—	16,500	—
Family entertainment centres	—	15,291	—	—
	50,081	**24,485**	**50,081**	**9,194**
Opening	24,485	—	9,194	—
Transfer from property, plant and equipment	14,014	24,485	—	62
Transfer from investment property	16,500	—	45,805	9,132
Disposals	(4,918)	—	(4,918)	—
	50,081	**24,485**	**50,081**	**9,194**

At 30 June 2009, the Group has entered into contracts to sell the freehold land and buildings of five bowling centres and are actively marketing the freehold land and building of the remaining four bowling centres. The sales of these sites have not been finalised at 30 June and so the sales have not been recognised. The value of the freehold land and buildings of the nine bowling centres has been reclassified as property held for sale. The bowling plant and equipment at these sites will be transferred to other centres and so is included in property plant and equipment.

At 30 June 2009, the Group is actively marketing the sale of part of the excess land at Dreamworld. Therefore a portion of the excess land has been reclassified as held for sale.

17 Other assets

Prepayments	7,271	6,218	311	723
	7,271	**6,218**	**311**	**723**

18 Investment properties

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

Carrying amount at the beginning of the year	121,709	90,720	462,216	474,114
Transfer from PPE	—	25,307	—	740
Transfer to properties held for sale	(16,500)	—	(45,805)	(9,132)
Additions	997	2,321	8,540	25,488
Disposals	—	—	(11,773)	(209)
Revaluation increments/(decrements)	(26,804)	3,361	(67,584)	(28,785)
Carrying amount at the end of the year	**79,402**	**121,709**	**345,594**	**462,216**

Amounts recognised in the Income Statement for investment properties:				
Revenue from investment properties	16,854	16,168	74,262	72,567
Property expenses incurred on investment properties	(2,556)	(2,207)	(19,044)	(18,412)

18 Investment properties (cont.)

Consolidated

Property	Acquisition date	Purchase price including acquisition costs $'000	Capital expenditure to date $'000	Total cost including all capital expenditure $'000	Date of latest independent valuation	Independent valuation $'000	Note	Valuer	**2009 book value $'000**	2008 book value $'000
Excess land	3 Jul 98	2,866	—	2,866	30 Jun 08	3,500	(a)		3,500	28,100
d'Albora Marinas	*	59,059	8,629	67,688	30 Jun 09	75,902	(b)	(1)	75,902	93,609
Total		**61,925**	**8,629**	**70,554**		**79,402**			**79,402**	**121,709**

* The marinas located at Akuna Bay, Nelson Bay, Rushcutters Bay and The Spit were acquired on 17 January 2000. The marinas at Cabarita Point and Pier 35 were acquired on 6 January 2004 and 17 September 2004 respectively. Victoria Harbour marina was developed and was opened on 22 December 2006.

As valued by:
(1) Greg Thomson, FAPI, Knight Frank, Valuation Services (NSW) Pty Limited.
(a) Part of the excess land has been transferred to property held for sale. Based on indicative offer it has been valued at $16.5 million. The remaining land has been valued by directors at $3.5 million.
(b) The total carrying value of d'Albora Marinas (including plant and equipment of $5.6 million) is $81.5 million. An independent valuation was performed at 30 June 2009 on the seven marinas. At 30 June 2009, the fair value of d'Albora Marinas was assessed to be $81.5 million.

Parent

Property	Acquisition date	Purchase price including acquisition costs $'000	Capital expenditure to date $'000	Total cost including all capital expenditure $'000	Date of latest independent valuation	Independent valuation $'000	Note	Valuer	**2009 book value $'000**	2008 book value $'000
Dreamworld										
— Theme parks (including WhiteWater World)	3 Jul 98	91,300	43,947	135,247	30 Jun 09	239,029	(a)	(1)	239,029	273,673
— Excess land	3 Jul 98	2,866	—	2,866	30 Jun 08	3,500	(b)		3,500	28,100
Total Dreamworld		94,166	43,947	138,113		242,529			242,529	301,773
d'Albora Marinas	*	59,059	8,629	67,688	30 Jun 09	75,902	(c)	(2)	75,902	93,609
Bowling group	8 Feb 05	3,374	23,789	27,163	—	n/a	(d)	(3)	27,163	66,834
Total	**156,599**	**76,365**	**232,964**		**318,431**				**345,594**	**462,216**

* The marinas located at Akuna Bay, Nelson Bay, Rushcutters Bay and The Spit were acquired on 17 January 2000. The marinas at Cabarita Point and Pier 35 were acquired on 6 January 2004 and 17 September 2004 respectively. Victoria Harbour marina was developed and was opened on 22 December 2006.

As valued by:
(1) Jones Lang LaSalle Hotels.
(2) Greg Thomson, FAPI, Knight Frank, Valuation Services (NSW) Pty Limited.
(3) Jones Lang LaSalle.
a) The book value of the theme parks (including plant and equipment of $44.8 million and intangible assets $1.2 million) is $285 million. In an independent valuation performed at 30 June 2009, the fair value for the theme parks was assessed to be $285 million (excluding excess land of $20.0 million).
b) Part of the excess land has been transferred to property held for sale. Based on indicative offer it has been valued at $16.5 million. The remaining land has been valued by directors at $3.5 million.
c) The total carrying value of d'Albora Marinas (including plant and equipment of $5.6 million) is $81.5 million. An independent valuation was performed at 30 June 2009 on the seven marinas. At 30 June 2009, the fair value of d'Albora Marinas was assessed to be $81.5 million.
d) The freehold land and buildings of three of the bowling centres were independently revalued by Jones Lang LaSalle at 30 June 2009. The remaining six bowling centres were valued based on offers received for these properties. The valuation for the 9 bowling centres is $33.6 million. All of these bowling centres have been transferred from investment properties to properties held for sale. At 30 June 2009, the directors assessed the fair value of the freehold land and buildings to be $33.6 million and the remaining property, plant and equipment to be $65.0 million.

19 Property, plant and equipment

Consolidated

Property	Acquisition date	Purchase price including acquisition costs $'000	Capital expenditure to date $'000	Total cost including all capital expenditure $'000	Date of latest independent valuation	Independent valuation $'000	Note	2009 book value $'000	2008 book value $'000
Dreamworld									
— Theme parks (including WhiteWater World)	3 Jul 98	91,300	88,738	180,038	30 Jun 09	285,000	(1)	283,820	319,784
— Excess land	3 Jul 98	—	—	—		—		—	—
Total Dreamworld		91,300	88,738	180,038		285,000		283,820	319,784
d'Albora Marinas	*	—	5,598	5,598	30 Jun 09	5,598	(2)	5,598	5,197
Bowling	8 Feb 05	28,368	39,805	68,173	—	n/a	(3)	68,173	105,368
Sydney Boat Share	20 Jul 06	—	6,339	6,339	—	n/a	(4)	6,339	8,376
Main Event	30 Aug 06	18,976	37,918	56,894	30 Jun 09	51,535	(5)	51,535	26,007
Goodlife	25 Sep 07 & 1 Apr 08	—	35,020	35,020	—	n/a	(6)	35,020	30,975
Total		**138,644**	**213,418**	**352,062**		**342,133**		**450,485**	**495,707**

* The marinas located at Akuna Bay, Nelson Bay, Rushcutters Bay and The Spit were acquired on 17 January 2000. The marinas at Cabarita Point and Pier 35 were acquired on 6 January 2004 and 17 September 2004 respectively. Victoria Harbour marina was developed and was opened on 22 December 2006.

As valued by:

[1] The Dreamworld and WhiteWater World theme parks were valued by Jones Lang LaSalle Hotels at $285 million.

[2] The directors have valued the property, plant and equipment of d'Albora Marinas at $5.6 million.

[3] The freehold land and buildings of three bowling centres were independently revalued by Jones Lang LaSalle at 30 June 2009. The remaining bowling centres were valued based on sales offers received. The valuation of the 9 bowling centres is $33.6 million. All of these properties have been transferred to properties held for sale. At 30 June 2009, the directors assessed the fair value of the freehold land and buildings to be $33.6 million and the remaining property, plant and equipment to be $68.2 million.

[4] The directors have valued the property, plant and equipment of Sydney Boat Share at $6.3 million.

[5] The freehold land and buildings of the three family entertainment centres were independently valued by PGP Valuation Inc at 30 June 2009 at US$21.09 million ($26.1 million). At 30 June 2009 the directors assessed the fair value of the freehold land and buildings to be $26.1 million and the remaining property, plant and equipment to be $25.4 million.

[6] The directors have valued the property, plant and equipment of Goodlife at $35.0 million.

19 Property, plant and equipment (cont.)

Property	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Furniture fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated – 2009							
Dreamworld							
— Theme parks	207,799	58,823	14,941	—	1,994	263	283,820
— Excess land	—	—	—	—	—	—	—
Total Dreamworld	207,799	58,823	14,941	—	1,994	263	283,820
d'Albora Marinas	415	—	4,626	—	344	213	5,598
Bowling	28,133	—	38,494	—	1,463	83	68,173
Sydney Boat Share	—	—	6,339	—	—	—	6,339
Main Event	26,141	—	25,394	—	—	—	51,535
Goodlife	22,353	—	12,667	—	—	—	35,020
Total consolidated	**284,841**	**58,823**	**102,461**	**—**	**3,801**	**559**	**450,485**
Consolidated – 2008							
Dreamworld							
— Theme parks	243,001	56,713	17,602	—	2,315	153	319,784
— Excess land	—	—	—	—	—	—	—
Total Dreamworld	243,001	56,713	17,602	—	2,315	153	319,784
d'Albora Marinas	447	—	4,250	130	240	130	5,197
Bowling	66,994	—	36,999	—	1,268	107	105,368
Sydney Boat Share	—	—	8,376	—	—	—	8,376
Main Event	—	—	26,007	—	—	—	26,007
Goodlife	15,439	—	15,437	99	—	—	30,975
Total consolidated	**325,881**	**56,713**	**108,671**	**229**	**3,823**	**390**	**495,707**
Parent – 2009							
Dreamworld	17,015	11,941	13,418	—	1,986	263	44,623
d'Albora Marinas	415	—	4,626	—	344	213	5,598
Bowling	849	—	35,451	—	1,432	83	37,815
Total parent	**18,279**	**11,941**	**53,495**	**—**	**3,762**	**559**	**88,036**
Parent – 2008							
Dreamworld	17,200	10,314	15,858	—	2,307	153	45,832
d'Albora Marinas	447	—	4,174	—	240	130	4,991
Bowling	792	—	32,895	—	1,231	107	35,025
Total parent	**18,439**	**10,314**	**52,927**	**—**	**3,778**	**390**	**85,848**

19 Property, plant and equipment (cont.)

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

Property	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Furniture fittings and equipment $'000	Motor vehicles $'000	Total $'000
Consolidated – 2009							
Carrying amount at the beginning of the year	325,881	56,713	108,671	229	3,823	390	495,707
Additions	21,767	2,898	19,066	(99)	691	262	44,585
Transfers to investment properties	8,960	627	(9,587)	—	—	—	—
Transfer to properties held for sale	(14,014)	—	—	—	—	—	(14,014)
Disposals	(14,885)	—	(1,392)	(119)	(46)	(1)	(16,443)
Depreciation	(5,330)	(1,415)	(17,127)	(11)	(667)	(92)	(24,642)
Foreign exchange movements	3,646	—	2,830	—	—	—	6,476
Revaluation increments	(41,184)	—	—	—	—	—	(41,184)
Carrying amount at the end of the year	**284,841**	**58,823**	**102,461**	**—**	**3,801**	**559**	**450,485**
Consolidated — 2008							
Carrying amount at the beginning of the year	362,209	53,135	84,983	170	3,333	295	504,125
Additions	44,838	5,258	38,749	99	1,049	171	90,164
Transfer to investment properties	(24,567)	—	(740)	—	—	—	(25,307)
Transfer to properties held for sale	(24,423)	—	(62)	—	—	—	(24,485)
Disposals	(21)	(195)	(235)	—	(4)	—	(455)
Depreciation	(3,792)	(1,485)	(13,378)	(40)	(549)	(76)	(19,320)
Foreign exchange movements	296	—	(646)	—	(6)	—	(356)
Revaluation increments	(28,659)	—	—	—	—	—	(28,659)
Carrying amount at the end of the year	**325,881**	**56,713**	**108,671**	**229**	**3,823**	**390**	**495,707**
Parent — 2009							
Carrying amount at the beginning of the year	18,439	10,314	52,927	—	3,778	390	85,848
Additions	173	2,740	7,831	—	691	262	11,697
Transfers	—	302	(302)	—	—	—	—
Disposals	—	—	(362)	—	(46)	(1)	(409)
Depreciation	(333)	(1,415)	(6,599)	—	(661)	(92)	(9,100)
Carrying amount at the end of the year	**18,279**	**11,941**	**53,495**	**—**	**3,762**	**559**	**88,036**
Parent — 2008							
Carrying amount at the beginning of the year	17,005	11,208	48,322	—	3,246	295	80,076
Additions	1,633	597	11,104	—	1,079	171	14,584
Transfer to investment properties	—	—	(740)	—	—	—	(740)
Transfer to properties held for sale	—	—	(62)	—	—	—	(62)
Disposals	(1)	(6)	(165)	—	(4)	—	(176)
Depreciation	(198)	(1,485)	(5,532)	—	(543)	(76)	(7,834)
Carrying amount at the end of the year	**18,439**	**10,314**	**52,927**	**—**	**3,778**	**390**	**85,848**

20 Intangible assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Other intangible assets at cost	2,020	1,788	1,428	1,428
Accumulated amortisation	(1,361)	(1,193)	(1,032)	(933)
	659	595	396	495
Customer relationships at cost	8,410	8,410	—	—
Accumulated amortisation	(5,223)	(2,029)	—	—
	3,187	6,381	—	—
Brand at cost	6,539	6,539	—	—
Accumulated amortisation	(1,144)	(490)	—	—
	5,395	6,049	—	—
Goodwill at cost	118,886	114,426	—	—
Accumulated impairment charge	(2,805)	(1,478)	—	—
	116,081	112,948	—	—
Total intangible assets	**125,322**	**125,973**	**396**	**495**
Other intangible assets				
Opening net book amount	595	744	495	594
Additions	232	—	—	—
Amortisation [1]	(168)	(149)	(99)	(99)
Closing net book amount	659	595	396	495
Customer relationships				
Opening net book amount	6,381	—	—	—
Additions	—	8,410	—	—
Amortisation [1]	(3,194)	(2,029)	—	—
Closing net book amount	3,187	6,381	—	—
Brand				
Opening net book amount	6,049	—	—	—
Additions	—	6,539	—	—
Amortisation [1]	(654)	(490)	—	—
Closing net book amount	5,395	6,049	—	—
Goodwill				
Opening net book amount	112,948	63,160	—	—
Additions	974	55,483	—	—
Change in deferred settlement	(4,283)	—	—	—
Foreign exchange movements	7,769	(5,695)	—	—
Impairment charge	(1,327)	—	—	—
Closing net book amount	116,081	112,948	—	—
Total intangible assets	**125,322**	**125,973**	**396**	**495**

[1] Amortisation of $4,016,000 (2008: $2,668,000) is included in property expenses in the Income Statement.

20 Intangible assets (cont.)

Other intangible assets
Other intangible assets represents registered trademarks associated with Dreamworld operations, intellectual property associated with Australian Tour Desk and liquor licenses held by the Bowling division.

Customer relationships
Customer relationships relate to the relationships with Health Club members which were acquired as part of the acquisitions of Goodlife Holdings in September 2007, Goodlife Chermside in February 2008 and Zest Health Clubs in April 2008.

Brand
The brand relates to the Goodlife brand acquired in September 2007.

Goodwill
Goodwill represents goodwill acquired by MLOL as part of the acquisition of Bowling Centres Australia Pty Limited, Tidebelt Pty Limited and Bowling Centres Australia Catering Services Pty Limited in February 2005, BowlAustralia Holdings Pty Limited in March 2005, Garden City Bowl in March 2006, Loganholme Hyperbowl in June 2006, Sydney Boat Share in July 2006, King Pin bowling centres in August 2006, Main Event Inc in August 2006, Panmure Superbowl in March 2007, Village Bowl in May 2007, Goodlife Holdings in September 2007, Goodlife Chermside in February 2008 and Zest Health Clubs in April 2008.

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

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

2009	Australia $'000	New Zealand $'000	United States $'000	Total $'000
Theme park operations	783	—	—	783
Marina operations	—	—	—	—
Bowling operations	11,869	3,147	—	15,016
Fractional boat ownership	453	—	—	453
Family entertainment centres	—	—	49,811	49,811
Health Clubs	50,018	—	—	50,018
	63,123	**3,147**	**49,811**	**116,081**
2008				
Theme park operations	783	—	—	783
Marina operations	409	—	—	409
Bowling operations	12,136	3,124	—	15,260
Fractional boat ownership	465	—	—	465
Family entertainment centres	—	—	42,064	42,064
Health Clubs	53,967	—	—	53,967
	67,760	**3,124**	**42,064**	**112,948**

Key assumptions used for value in use calculations

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

	Growth rate [1]		Discount rate [2]	
2009	**2009 % per annum**	2008 % per annum	**2009 % per annum**	2008 % per annum
Theme park operations	2.00	4.00	10.81	11.05
Marina operations	2.00	4.00	10.81	11.05
Bowling operations				
— Australia	2.00	4.00	10.81	11.05
— New Zealand	2.00	4.00	10.81	11.05
Fractional boat ownership	0.00	4.00	10.81	11.05
Family entertainment centres	2.00	4.00	10.88	9.29
Health Clubs	2.00	4.00	10.81	11.05

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

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

Management considers the growth rate used conservative, and does not consider a change in any of the other key assumptions to be reasonably possible.

An impairment charge of $1,327k (2008: nil) was recorded during the period. $409k related to the impairment of the goodwill associated with the My Boatie business sold in January 2009, $180k related to impairment of Goodlife business and $738k related to the fractional boat ownership business.

21 Deferred tax assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Doubtful debts	41	70	—	—
Employee benefits	2,712	2,847	—	—
Provisions and accruals	644	373	—	—
Depreciation	4	29	—	—
Inventory dimunition	6	6	—	—
Deferred income	128	10	—	—
Unrealised foreign exchange	—	67	—	—
Tax losses	1,675	—	—	—
Deferred tax assets	**5,210**	**3,402**	**—**	**—**
Movements				
Balance at the beginning of the year	3,402	2,468	—	—
Credited/(charged) to the Income Statement (Note 10)	1,808	646	—	—
Acquisition of a subsidiary	—	288	—	—
Balance at the end of the year	**5,210**	**3,402**	**—**	**—**
Deferred tax assets to be recovered within 12 months	3,325	3,195	—	—
Deferred tax assets to be recovered after more than 12 months	1,885	207	—	—
	5,210	**3,402**	**—**	**—**

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22 Investment in controlled entities

Entity	Country of formation/ incorporation	Class of securities	Consolidated interest 2009 %	Consolidated interest 2008 %	Parent entity carrying amount 2009 $	Parent entity carrying amount 2008 $
Macquarie Leisure (NZ) Trust	New Zealand	Ordinary	100	100	–	–
Macquarie Leisure Finance Pty Limited	Australia	Ordinary	100	100	1	1
Macquarie Leisure Operations Limited	Australia	Ordinary	100	100	22,679	41,377
Macquarie Leisure Operations (NZ) Limited	New Zealand	Ordinary	100	100	–	–
Macquarie Leisure Management (NZ) Limited	New Zealand	Ordinary	100	100	–	–
Bowling Centres Australia Pty Limited	Australia	Ordinary	100	100	–	–
Tidebelt Pty Limited	Australia	Ordinary	100	100	–	–
BowlAustralia Holdings Pty Limited	Australia	Ordinary	100	100	–	–
Bowling Centres Australia Catering Services Pty Limited	Australia	Ordinary	100	100	–	–
My Boatie Pty Limited	Australia	Ordinary	100	100	–	–
Macquarie Leisure US Holdings Inc	United States	Ordinary	100	100	–	–
Main Event Holdings Inc	United States	Ordinary	100	100	–	–
Main Event Management LLC	United States	Ordinary	100	100	–	–
Main Event Entertainment LP	United States	Ordinary	100	100	–	–
Shots Main Event Inc	United States	Ordinary	100	100	–	–
Sydney Boat Share Pty Limited	Australia	Ordinary	100	56	–	–
Sydney Boat Share Services Pty Limited	Australia	Ordinary	100	56	–	–
Sydney Boat Share Finance Limited	Australia	Ordinary	100	56	–	–
Azimut 43 S Boatshare Pty Limited	Australia	Ordinary	30	30	–	–
Azimut 43 S Boatshare Pty Limited	Australia	Preference	100	100	–	–
Azimut 55 Boatshare Pty Limited	Australia	Ordinary	–	–	–	–
Azimut 55 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-4 Boatshare Pty Limited	Australia	Ordinary	10	–	–	–
Rivera M400-4 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-5 Boatshare Pty Limited	Australia	Ordinary	–	–	–	–
Rivera M400-5 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-6 Boatshare Pty Limited	Australia	Ordinary	–	–	–	–
Rivera M400-6 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-7 Boatshare Pty Limited	Australia	Ordinary	–	40	–	–
Rivera M400-7 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera 3600 Boatshare Pty Limited	Australia	Ordinary	100	100	–	–
Rivera 3600 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera 4700-2 Boatshare Pty Limited	Australia	Ordinary	–	10	–	–
Rivera 4700-2 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera 4700-3 Boatshare Pty Limited	Australia	Ordinary	–	30	–	–
Rivera 4700-3 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-8 Boatshare Pty Limited	Australia	Ordinary	–	80	–	–
Rivera M400-8 Boatshare Pty Limited	Australia	Preference	–	100	–	–
Rivera M400-9 Boatshare Pty Limited	Australia	Ordinary	40	60	–	–
Rivera M400-9 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera M400-10 Boatshare Pty Limited	Australia	Ordinary	30	50	–	–
Rivera M400-10 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Princess 54 Boatshare Pty Limited	Australia	Ordinary	30	60	–	–
Princess 54 Boatshare Pty Limited	Australia	Preference	100	100	–	–
Rivera 4700 Boatshare Pty Limited	Australia	Ordinary	10	–	–	–
Rivera 4700 Boatshare Pty Limited	Australia	Preference	100	100	–	–

22 Investment in controlled entities (cont.)

Entity	Country of formation/ incorporation	Class of securities	Consolidated interest 2009 %	Consolidated interest 2008 %	Parent entity carrying amount 2009 $	Parent entity carrying amount 2008 $
Rivera 4700 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Princess P54-2 Boatshare Pty Limited	Australia	Ordinary	100	100	—	—
Princess P54-2 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Azimut 47-1 Boatshare Pty Limited	Australia	Ordinary	100	100	—	—
Azimut 47-1 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Macquarie Leisure Operations Notes Issue Pty Limited	Australia	Ordinary	100	—	33,022,822	—
Macquarie Leisure Health Clubs 1 Pty Limited	Australia	Ordinary	95	95	—	—
Macquarie Leisure Health Clubs 2 Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Health Clubs Holdings Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Operations Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Wintergarden Pty Limited	Australia	Ordinary	95	95	—	—
Archgale Pty Limited	Australia	Ordinary	95	95	—	—
Archgale 2 Pty Limited	Australia	Ordinary	95	95	—	—
Belmont Pacific Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Subtrust	Australia	Ordinary	100	100	19,479,965	9,563,298
Brookshell Pty Limited	Australia	Ordinary	95	95	—	—
Darleon Pty Limited	Australia	Ordinary	95	95	—	—
Evolution Fitness Equipment Pty Limited	Australia	Ordinary	95	95	—	—
Evolution Fitness Systems Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Carseldine Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Helensvale Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Hyperdome Pty Limited	Australia	Ordinary	95	95	—	—
Holland Park Health Clubs Service Pty Limited	Australia	Ordinary	95	95	—	—
Sarlin Pty Limited	Australia	Ordinary	95	95	—	—
Goodlife Chermside Pty Limited	Australia	Ordinary	95	95	—	—
					52,525,467	**9,604,676**

Those entities where less than 50% of the ordinary shares are owned are vessel owning companies in the Sydney Boat Share structure. Although less than 50% of the shares are owned, control over these entities remains with Macquarie Leisure Trust Group and so these entities have been consolidated.

23 Payables

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Management fee	1,268	1,425	1,268	1,425
Custodian fee	54	76	54	76
Interest payable	322	258	322	258
GST payable	479	413	479	413
Trade creditors	9,081	9,355	—	—
Property expenses payable	4,842	3,466	4,842	3,466
Deferred income	4,143	6,604	—	—
Other creditors and accruals	23,244	19,682	728	658
	43,433	41,279	7,693	6,296
Non-current				
Minority interest in Sydney Boat Share	5,944	5,547	—	—
Minority interest in Goodlife due to put and call option	181	2,652	—	—
Total non-current	**6,125**	**8,199**	**—**	**—**
Total payables	**49,558**	**49,478**	**7,693**	**6,296**

Goodlife put and call option

As discussed in Note 30, the Group acquired 95% of Macquarie Leisure Health Clubs 1 Limited on 25 September 2007. The Group has an option to acquire the minority interests in Macquarie Leisure Health Clubs 1 Limited in September 2012. In addition, the minority interest holders have the right to sell their interests in Macquarie Leisure Health Clubs 1 Limited to the Group in September 2012. 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 reserves. 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 (Note 5).

24 Interest bearing liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Finance leases	23	168	—	—
Bank loan – term debt	3,090	—	1,320	—
Total current	**3,113**	**168**	**1,320**	**—**
Non-current				
Finance leases	58	69	—	—
Bank loan – term debt	260,624	250,331	250,000	250,331
Amortised costs – bank loan	(1,116)	—	(655)	—
Total non-current	**259,566**	**250,400**	**249,345**	**250,331**
Total interest bearing liabilities	**262,679**	**250,568**	**250,665**	**250,331**

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

24 Interest bearing liabilities (cont.)

Credit facilities

As at 30 June 2009, the Group had access to the following facilities:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash advance facility	120,000	120,000	120,000	120,000
Amount used	(94,700)	(76,420)	(94,700)	(76,420)
Amount unused	**25,300**	**43,580**	**25,300**	**43,580**
Loan note facility 1	80,000	80,000	80,000	80,000
Amount used	(80,000)	(74,079)	(80,000)	(74,079)
Amount unused	**–**	**5,921**	**–**	**5,921**
Loan note facility 2a	50,000	100,000	50,000	100,000
Amount used	(50,000)	(99,832)	(50,000)	(99,832)
Amount unused	**–**	**168**	**–**	**168**
Loan note facility 2b	26,620	–	26,620	–
Amount used	(26,620)	–	(26,620)	–
Amount unused	**–**	**–**	**–**	**–**
US facility	12,394	–	–	–
Amount used	(12,394)	–	–	–
Amount unused	**–**	**–**	**–**	**–**
Total facility	289,014	300,000	276,620	300,000
Total amount used	(263,714)	(250,331)	(251,320)	(250,331)
Total amount unused	**25,300**	**49,669**	**25,300**	**49,669**

The cash advance and loan note facility 1 mature in August 2011. In March 2009, loan note 2 was split so that $50 million of the facility matures in September 2009 and the remaining $50 million matures in September 2010. Due to the sale of assets the facility due to mature in September 2009 has been reduced to $26.62 million.

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

All of the facilities have a variable interest rate. As detailed in Note 14, the interest rates on the loans are partially fixed using interest rate swaps. The weighted average interest rates payable on the loans at 30 June 2009, including the impact of the interest rate swaps, is 5.94% for AUD denominated debt (2008: 7.64%) and 6.06% for USD denominated debt (2008: 4.69%)

25 Provisions

a) Distributions to stapled securityholders

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Opening balance	–	–	–	–
Distributions declared	38,413	40,684	38,413	40,684
Distributions paid	(26,215)	(24,418)	(26,215)	(24,418)
Distributions reinvested	(12,198)	(16,266)	(12,198)	(16,266)
Closing balance	**–**	**–**	**–**	**–**

A provision for the distribution relating to the half year to 30 June 2009 was not recognised as the distribution had not been declared at the reporting date.

b) Other provisions

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Employee benefits	2,643	2,456	–	–
Sundry [(1)]	1,786	1,615	–	–
Total current	**4,429**	**4,071**	**–**	**–**
Non-current				
Employee benefits	713	678	–	–
Goodlife earn out [(2)]	–	4,158	–	–
Total non-current	**713**	**4,836**	**–**	**–**
Total provisions	**5,142**	**8,907**	**–**	**–**
Movements in sundry provisions				
Carrying amount at the beginning of the year	1,615	1,037	–	–
Additional provisions recognised	1,195	1,103	–	–
Amounts utilised	(1,024)	(525)	–	–
Carrying amount at the end of the year	**1,786**	**1,615**	**–**	**–**
Movements in Goodlife earn out provision				
Carrying amount at the beginning of the year	4,158	–	–	–
Additional provisions recognised/(derecognised)	(4,158)	4,158	–	–
Carrying amount at the end of the year	**–**	**4,158**	**–**	**–**

(1) Sundry provisions include employee sick leave provisions, insurance excess/deductible amounts for public liability insurance, fringe benefits tax provisions and other royalty provisions.
(2) The Goodlife provision relates to the earn out management are entitled to receive after 25 September 2012. It is dependent on the results of the Health Clubs division for the five years to 25 September 2012.

26 Other liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Security deposits	2,808	2,004	—	—
	2,808	**2,004**	**—**	**—**

27 Deferred tax liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Intangible assets	2,708	3,729	—	—
Prepayments	48	46	—	—
Accrued revenue	103	117	—	—
Depreciation	3,222	1,938	—	—
Financial assets at fair value through profit or loss	—	1,134	—	—
Deferred tax liabilities	**6,081**	**6,964**	**—**	**—**
Movements				
Balance at the beginning of the year	6,964	2992	—	—
(Credited)/charged to the Income Statement (Note 10)	885	(513)	—	—
Credited to asset revaluation reserve	(1,768)	—	—	—
Acquisition of subsidiary	—	4,485	—	—
Balance at the end of the year	**6,081**	**6,964**	**—**	**—**
Deferred tax liabilities to be settled within 12 months	151	1,212	—	—
Deferred tax liabilities to be settled after more than 12 months	5,930	5,752	—	—
	6,081	**6,964**	**—**	**—**

28 Contributed equity

No. of stapled securities	Details	Date of income entitlement	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
216,146,846	Stapled securities on issue	30 June 2007			264,563		262,555
2,746,671	DRP issue	1 July 2007	(i)		8,761		8,628
99,730	Performance fee securities	1 July 2007	(ii)		326		321
15,665	ESP – stapled securities sold	1 July 2007	(v)		52		52
(163,765)	ESP – stapled securities acquired	1 July 2007	(v)		(582)		(575)
(145,811)	ESP – stapled securities acquired	1 Jan 2008	(v)		(499)		(493)
2,196,349	DRP issue	1 Jan 2008	(i)		7,505		7,417
8,000,000	Placement	1 Jan 2008	(iii)		20,000		19,765
1,932,076	Security purchase plan	1 Jan 2008	(iv)		4,830		4,773
—	Issue costs paid				(375)		(375)
230,827,761	Stapled securities on issue	30 June 2008		304,581	304,581	302,068	302,068
4,839,749	DRP issue	1 July 2008	(i)	7,375		7,305	
116,535	ESP – stapled securities sold	1 July 2008	(v)	211		206	
4,958,662	DRP issue	1 Jan 2009	(i)	4,823		4,768	
322,082	ESP – stapled securities sold	1 Jan 2009	(v)	276		262	
	Transfer to retained profits – realised items	30 June 2009	(ii)	(1,132)	(1,132)		
	Issue costs paid			(64)		(64)	
241,064,789	**Stapled securities on issue**	**30 Jun 2009**		**316,070**	**304,581**	**313,413**	**302,068**

i) Distribution reinvestment plan
The Group has established a distribution reinvestment plan (DRP) under which stapled securityholders 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) Performance fee securities
Information relating to the performance fee paid to the Manager is detailed in Note 7.

iii) Placement
On 27 March 2008, the Group made a placement of 8,000,000 stapled securities at an issue price of $2.50 per security. The securities are entitled to the final distribution payable for the year ended 30 June 2008.

iv) Securities purchase plan
On 22 April 2008, the Group issued 1,932,076 stapled securities at an issue price of $2.50 per security. The securities are entitled to the final distribution payable for the year ended 30 June 2008.

v) Executives Securities Plan (ESP)
Stapled securities in the Group have been acquired by the employees of MLOL, funded by a loan from the Trust, as part of MLOL'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.

Further information relating to the ESP is detailed in Note 29.

29 Security based payments

In October 2006, the ESP was established, whereby eligible MLOL executives are provided the opportunity to acquire stapled securities in the Group (referred to as Plan Securities).

Under the ESP, the Plan Securities are acquired at market price and are held in the executives' names. The acquisition cost is funded by a non-recourse loan provided by the Trust, secured by a mortgage over the Plan Securities. While the Plan Securities are pledged as security for the loan or are the subject of vesting criteria (detailed below), the Plan Securities cannot be sold, transferred or otherwise disposed of.

One-third of the Plan Securities will vest on the second, third or fourth anniversaries respectively from the date of grant if the vesting criteria are met on the relevant anniversary.

For the vesting criteria to be met, the executive must be an employee of MLOL at the time, and the total shareholder return (TSR) requirements must be achieved.

In order to meet the TSR requirement, the Group's TSR is compared to a Benchmark Index, comprised 50% the accumulated Property Trust 300 Index and 50% the accumulated ASX 300 Small Ords Index:

- Where the Benchmark Index is below 12.5%, the vesting criteria will be a TSR of 12.5%;
- Where the Benchmark Index is above 12.5%, the vesting criteria will be the Benchmark Index return; and
- Where TSR is above the Benchmark Index return but below 12.5%, the Board will have discretion on vesting.

The loan has a four year term and is subject to interest calculated at the Trust's funding cost. Interest is payable six monthly at the time the distributions are paid on the Plan Securities. All distributions received by executives on the Plan Securities must be used to pay interest accrued on the loan.

On repayment of the loan, if the value of the Plan Securities transferred is less than the total amount of the loan owing by the executive to the Trust, no further amount is repayable by the executive.

The loan will become immediately repayable on termination of employment. Plan Securities that have not vested must be sold to repay the loan in full. If the Plan Securities have vested, the loan must be repaid within three months from termination date.

Fair value of securities granted

Under the requirement of AASB 2 *Share-based Payment*, loans granted under the ESP are accounted for as 'options' to employees because of the non-recourse loan feature. The fair value of the 'options' was calculated for each option grant and shown in the table below. The options are considered to be equity settled share based payments under AASB 2.

The trinomial options pricing model used to calculate fair value, takes into account the grant date, underlying market price, exercise price, dividend yield, volatility, risk-free interest rate, employee exit rate and market vesting conditions.

	Consolidated 2009 Securities	Consolidated 2008 Securities	**Parent 2009 Securities**	Parent 2008 Securities
Securities issued under the Plan to participating executives:				
ESP Securities	524,689	963,306	524,689	963,306

Grant date	Expiry date	Exercise price	Valuation	Balance at the beginning of the year	Granted during the year	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year
30 Nov 2006	30 Nov 2010	$3.00	25.7c	653,730	—	—	(438,617)	215,113	—
18 Dec 2007	18 Dec 2011	$3.65	57.8c	81,978	—	—	—	81,978	—
7 Jan 2008	7 Jan 2012	$3.39	68.5c	94,633	—	—	—	94,633	—
8 Jan 2008	8 Jan 2012	$3.45	62.5c	132,965	—	—	—	132,965	—
				963,306	**—**	**—**	**(438,617)**	**524,689**	**—**

The expense recorded in the year with relation to the options was $139,006 (2008: $82,137).

30 Reserves

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Asset revaluation reserve				
Opening balance	126,135	158,281	—	—
Revaluation (decrement)/increment – Bowling	(1,735)	11,143	—	—
Revaluation decrement – Dreamworld	(35,374)	(39,991)	—	—
Revaluation increment – Goodlife	1,283	189	—	—
Revaluation decrement – Main Event	(5,359)	—	—	—
Tax on Main Event revaluation	1,768	—	—	—
Transfer to retained profits of revaluations previously booked on asset sales	(5,664)	—	—	—
Transfer to retained profits – realised items	(4,955)	(3,487)	—	—
Closing balance	**76,099**	**126,135**	**—**	**—**
Capital reserve				
Opening balance	(1,636)	365	(664)	697
Pre-opening expenses	(1,735)	(1,902)	(793)	(1,262)
Transfer to retained profits – unrealised items	(99)	(99)	(99)	(99)
Closing balance	**(3,470)**	**(1,636)**	**(1,556)**	**(664)**
Cash flow hedge reserve				
Opening balance	1,765	2,963	1,765	2,963
Movement in effective cash flow hedges	(4,629)	(1,198)	(4,629)	(1,198)
Closing balance	**(2,864)**	**1,765**	**(2,864)**	**1,765**
Foreign currency translation reserve				
Opening balance	(1,364)	39	—	—
Translation of foreign operations	(17,048)	(1,403)	—	—
Closing balance	**(18,412)**	**(1,364)**	**—**	**—**
Stapled security based payment reserve				
Opening balance	120	38	—	38
Option expense	139	82	—	(38)
Closing balance	**259**	**120**	**—**	**—**
Employee share plan reserve				
Opening balance	(24)	(28)	(24)	(28)
Expense	17	4	17	4
Closing balance	**(7)**	**(24)**	**(7)**	**(24)**
Performance fee reserve				
Opening balance	—	326	—	326
Recognition of performance fee	1,132	—	1,132	—
Performance fee securities issued	—	(326)	—	(326)
Closing balance	**1,132**	**—**	**1,132**	**—**
Goodlife put and call option reserve				
Opening balance	(2,309)	—	—	—
Recognition of put option on acquisition of Goodlife	—	(2,309)	—	—
Closing balance	**(2,309)**	**(2,309)**	**—**	**—**
Total reserves	**50,428**	**122,687**	**(3,295)**	**1,077**

30 Reserves (cont.)

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.

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(p)(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 issues to employees but not yet exercised under the ESP (Note 29).

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 the ESP.

The performance fee reserve is used to recognise the fair value of stapled securities not yet issued to the Manager insettlement for the performance fee earned in the period.

The Group has an option to acquire the minority interests in Macquarie Leisure Health Clubs 1 Limited. In accordance with Australian Accounting Standards AASB 132 *Financial Instruments: Presentation*, on first recognition the Group recorded the potential obligation under the put option on the 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 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.

31 Retained profits

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Retained profits – realised items				
Opening balance	40,705	38,311	39,751	41,124
Distributable earnings	41,823	43,078	19,240	39,311
Available for distribution	82,528	81,389	58,991	80,435
Transfer from asset revaluation of revaluation previously booked on assets sold	5,664	—	—	—
Distribution paid and payable	(38,413)	(40,684)	(38,413)	(40,684)
Closing balance	**49,779**	**40,705**	**20,578**	**39,751**

The distribution of 7.8 cents per stapled security for the half year ended 30 June 2009 totalling $18.8 million had not been declared at year end. This will be paid on 20 August 2009 as described in Note 42.

During the period the Group sold six AMF bowling freehold properties for $17.55 million. Four of the properties have been leased back to the Group on long term leases and one on short term leases. A gain of $0.30 million was recorded in the period. Revaluations totalling $5.66 million were recorded on these properties in previous periods, so consequently a gain of $5.59 million was realised over the term of the Group's investment in these properties.

31 Retained profits (cont.)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Retained profits – unrealised items				
Opening balance	27,542	25,536	147,686	175,333
Property valuation gains/(losses)	(26,804)	3,361	(67,584)	(28,785)
Transfer from capital reserve	1,834	2,001	892	1,361
Straight lining of fixed rent increases	(1,889)	(1,443)	(694)	(1,171)
Unrealised (losses)/gains on derivative financial instruments	(7,306)	948	(7,306)	948
Unrealised loss on Goodlife put and call option	2,471	(342)	—	—
Tax expense on unrealised foreign exchange in MLOL	1,065	—	—	—
Impairment of goodwill	(1,327)	—	—	—
Amortisation of Goodlife intangible assets	(3,848)	(2,519)	—	—
Tax impact of amortisation of Goodlife intangible assets	1,154	—	—	—
Closing balance	**(7,108)**	**27,542**	**72,994**	**147,686**
Total retained profits	**42,671**	**68,247**	**93,572**	**187,437**

32 Business combinations

Current period

Sydney Boat Share

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

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

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

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

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

32 Business combinations (cont.)

Prior year

Goodlife

On 25 September 2007, the Group acquired 95% of the share capital of Goodlife Health Clubs Holdings Pty Ltd (Goodlife) for a cash consideration of $59.7 million. Goodlife operated and leased 18 Goodlife Health Clubs in Australia, 13 of which operated in Queensland, 4 in Victoria and 1 in New South Wales.

The acquired business contributed revenues of $31.7 million and a net loss of $1.9 million to the Group for the period from 25 September 2007 to 30 June 2008. Distributable earnings for period as defined in Note 11, for the acquired business were $1.0 million. If the acquisition had occurred on 1 July 2007, the consolidated revenue, consolidated loss and distributable earnings for the year ended 30 June 2008 would have been revenue of $41.5 million, a loss of $2.3 million and earnings 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	59,891
Direct costs relating to the acquisition	513
Deferred settlement	—
Total purchase consideration	**60,404**
Fair value of net identifiable assets acquired	18,674
Goodwill	**41,730**

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting for Goodlife. Changes have been made to the fair value of property, plant and equipment acquired due to the finalisation of valuations. The deferred settlement represents the earn out payable to the previous shareholders of Goodlife. This is a calculation based on profitability over and above certain hurdles. If management's best estimate of the earn out changes, any change in value of the earn out provision will be recorded against goodwill.

The goodwill is attributable to the business and synergies expected to arise after the Group's acquisition of the business.

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

	Acquiree's carrying amount $000	Fair value $'000
Cash and cash equivalents	313	313
Receivables	500	500
Inventories	704	704
Other current assets	802	802
Plant and equipment	16,300	15,146
Customer relationship intangible asset	—	3,340
Brand intangible asset	—	6,540
Deferred tax assets	176	176
Deferred income	(1,924)	(1,924)
Other payables	(2,876)	(2,876)
Current tax liabilities	(387)	(387)
Employee benefit provisions	(586)	(586)
Interest bearing liabilities	(110)	(110)
Deferred tax liabilities	—	(2,964)
Net identifiable assets acquired	**12,912**	**18,674**

32 Business combinations (cont.)

Prior year (cont.)

Chermside
On 6 February 2008, the Group acquired 95% of the share capital of Goodlife Chermside Pty Limited (Chermside) for a cash consideration of $7.2 million. Chermside leases and operates a Health Club in Queensland.

The acquired business contributed revenues of $1.4 million and a net loss of $0.3 million to the Group for the period from 6 February 2008 to 30 June 2008. Distributable earnings for period as defined in Note 11, for the acquired business were $0.3 million. If the acquisition had occurred on 1 July 2007, the consolidated revenue, consolidated loss and distributable earnings for the year ended 30 June 2008 would have been revenue of $3.6 million, a loss of $0.7 million and earnings of $0.7 million.

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

	$'000
Purchase consideration:	
Cash paid	7,400
Receivable for working capital	(211)
Total purchase consideration	**7,189**
Fair value of net identifiable assets acquired	3,625
Goodwill	**3,564**

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting for Chermside. Changes have been made to the fair value of property, plant and equipment acquired due to the finalisation of valuations.

The goodwill is attributable to the business and synergies expected to arise after the Group's acquisition of the business.

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

	Acquiree's carrying amount $000	Fair value $'000
Cash and cash equivalents	57	57
Receivables	28	28
Inventories	8	8
Other current assets	65	65
Plant and equipment	2,348	2,253
Deferred tax assets	7	7
Customer relationship intangible assets	—	2,460
Deferred income	(146)	(146)
Other payables	(345)	(345)
Employee benefit provisions	(24)	(24)
Deferred tax liabilities	—	(738)
Net identifiable assets acquired	**1,998**	**3,625**

32 Business combinations (cont.)

Prior year (cont.)

Zest

On 1 April 2008, the Group acquired 95% of the assets and liabilities of 10 Health Clubs (six in South Australia and four in Queensland) and the right to develop a further Health Club in South Australia from Zest Health Clubs Pty Limited for a cash consideration of $7.0 million, of which $875,000 was paid in October 2008.

The acquired business contributed revenues of $3.6 million and a net loss of $0.4 million to the Group for the period from 1 April 2008 to 30 June 2008. Distributable earnings for period as defined in Note 11, for the acquired business were $0.1 million. If the acquisition had occurred on 1 July 2007, the consolidated revenue, consolidated loss and distributable earnings for the year ended 30 June 2008 would have been revenue of $14.4 million, a loss of $1.7 million and earnings of $0.5 million.

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

	$'000
Purchase consideration:	
Cash paid	6,086
Deferred settlement	875
Total purchase consideration	**6,961**
Fair value of net identifiable assets acquired	2,580
Goodwill	**4,381**

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting for Zest. Changes have been made to the fair value of property, plant and equipment acquired due to the finalisation of valuations. In addition, management agreed with the vendor to reduce the deferred consideration from $1 million to $875,000.

The goodwill is attributable to the business and synergies expected to arise after the Group's acquisition of the business.

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

	Acquiree's carrying amount $000	Fair value $'000
Other current assets	641	641
Plant and equipment	3,169	2,942
Deferred tax assets	111	111
Customer relationship intangible	—	2,610
Deferred income	(2,011)	(2,011)
Other payables	(580)	(580)
Employee benefit provisions	(350)	(350)
Deferred tax liabilities	—	(783)
Net identifiable assets acquired	**980**	**2,580**

32 Business combinations (cont.)

Summary of purchase consideration

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Outflow of cash to acquire business/subsidiary, net of cash acquired				
Cash consideration	—	74,554	9,917	1,161
Additional costs from prior year acquisitions	475	—	—	—
Less balances acquired:				
Cash and cash equivalents	—	(370)	—	—
Less:	—	—	—	—
Receivables	—	211	—	—
Deferred settlement	875	(875)	—	—
	875	(1,034)	—	—
Outflow of cash	**1,350**	**73,520**	**9,917**	**1,161**

Summary of adjustments to prior period business combinations

Under AASB 3 *Business Combinations*, the Group has 12 months to finalise the acquisition accounting for Goodlife, Chermside and Zest. Due to the finalisation of valuations, there is a $3,309k reduction in the fair value of property, plant and equipment acquired compared to the fair value of assets acquired in the 30 June 2008 financial statements. This adjustment between goodwill and property, plant and equipment has been reflected in the 30 June 2008 comparative balance sheet as required by AASB 3.

33 Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash includes cash at banks. Cash as at 30 June 2009 as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash at bank	12,105	20,207	2,096	3,116
Cash on deposit	100	414	—	—
Total cash and cash equivalents	**12,205**	**20,621**	**2,096**	**3,116**

Cash at bank and deposits at call bear floating interest rates between 2.50% and 2.95% per annum (2008 6.45% and 7.20% per annum). Deposits have an average maturity of 30 days.

34 Cash flow information

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Profit	(796)	39,449	(57,476)	10,303
Non-cash items				
Finance charge attributable to minority interests	(1,478)	(1,517)	—	—
Depreciation of PPE	24,642	19,320	9,100	7,835
Amortisation	4,016	2,668	99	99
Depreciation of livestock	56	59	—	—
Impairment of goodwill	1,327	—	—	—
Stapled security based payments	139	82	—	—
Performance fee	1,132	—	1,132	—
Provision for doubtful debts	—	78	—	—
Loss on sale of PPE	3,748	303	153	241
Loss on sale of livestock	50	14	—	—
Net foreign exchange difference	239	(559)	18,187	—
Property valuation losses/(gains)	26,804	(3,361)	67,584	28,785
Classified as financing activities				
Borrowing costs	17,914	14,560	18,254	15,036
Classified as investing activities				
Distribution from joint venture entities	—	—	(1,238)	—
Unrealised losses/(gains) on derivatives	4,835	(948)	7,306	(948)
Changes in asset and liabilities:				
(Increase)/decrease in assets				
— Receivables	2,652	3,376	2,388	(2,874)
— Inventories	(572)	(592)	—	—
— Other assets	(1,294)	(805)	398	711
Increase/(decrease) in liabilities				
— Payables and other liabilities	2,510	(414)	1,339	1,113
— Provisions	393	1,420	—	—
— Current tax liabilities	(2,709)	848	—	—
— Deferred income	—	(777)	—	—
— Deferred tax liabilities	(1,365)	(513)	—	—
— Minority interest	—	—	—	—
Net cash flows from operating activities	**82,243**	**72,691**	**67,226**	**60,301**

b) Non-cash financing and investing activities

The following items are not reflected in the Cash Flow Statement:

Distributions by the Group satisfied during the year by the issue of stapled securities under the DRP	**12,198**	**16,266**	**12,073**	**16,045**

35 Net tangible assets

	Consolidated 2009 $'000	Consolidated 2008 $'000
Net tangible assets are calculated as follows:		
Total assets	745,092	815,442
Less: Intangible assets	(125,322)	(122,664)
Less: Total liabilities	(335,174)	(319,130)
Net tangible assets	**284,596**	**373,648**
Total number of stapled securities on issue	241,064,789	230,827,761
Net tangible asset backing per stapled security	$1.18	$1.62

36 Related party disclosures

a) Directors

The following persons have held office as directors of the Manager during the financial year:

Neil Balnaves (Chairman)
George Bennett
Anne Keating
Simon Jones
John Wright

The following persons have held office as directors of MLOL during the financial year:

Neil Balnaves (Chairman)
Anne Keating
John Wright
Roger Davis.

b) Parent entity

The parent entity of the Group is Macquarie Leisure Trust.

c) Controlled entities

The Trust's interest in controlled entities is disclosed in Note 22.

d) Transactions with related parties of the Manager

Related bodies corporate of the Manager held 12,207,667 stapled securities as at 30 June 2009 (2008: 11,455,732 stapled securities).

Macquarie Group Limited (MGL) will be reimbursed $234,000 for the cost of providing accounting services to the Trust for the year ended 30 June 2009 (2008: $195,000). MGL will be reimbursed $357,500 (2008: $1,184,000) for management and company secretarial services provided to MLOL for the year ended 30 June 2009.

MGL, the ultimate holding company of the Manager, had a 100% shareholding interest in the Manager as at 30 June 2009.

Macquarie Asset Services Limited was paid $354,658 (2008: $1,102,614) for property consulting provided for the year.

The Manager received a base management fee of $3,002,449 (2008: $3,051,217). In addition, a performance fee of $1,132,023 (2008: $nil) was provided for. If the proposal for MLOL to acquire the Manager is approved at the EGM on 27 August 2009, the performance fee payable for the year ended 30 June 2009 will be waived. Refer to Note 7 for further details on the Manager's fees.

A director, Neil Balnaves, was a director and shareholder of Southern Cross Broadcasting (Australia) Limited which is the parent entity of Southern Star Group Limited (SSG). In 2001, SSG entered into an agreement to ensure that the Big Brother television series was produced exclusively at Dreamworld for up to five series. This agreement was assigned to MLOL as part of the group restructure on 1 July 2003. In July 2006, the Group entered into a new agreement with SSG for the production of the Friday Night Games series and a maximum of three new series of Big Brother at Dreamworld.

MLOL also provided additional consumables during the current financial period to support SSG during its period of television production.

Under clause 16.6 of MLOL's Constitution, directors are paid all travelling, accommodation, and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of the Board in the execution of their duties as directors.

Below is a table identifying transactions between Southern Star Group Limited and MLOL:

	Consolidated 2009 $'m	Consolidated 2008 $'m
Expenses recoverable from SSG	(261,410)	(197,354)

All agreements have been entered into on normal commercial bases. The above fees and transactions were all based on normal commercial terms and conditions. Related party balances above are on interest-free terms.

Apart from the details disclosed in these financial statements, no director has entered into a material contract with the Group and there were no material contracts involving directors' interests existing at year end not previously disclosed.

36 Related party disclosures (cont.)

e) Transactions with controlled entities

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

In addition to the above transactions, the Trust will reimburse MLOL for any costs MLOL incurs on behalf of the Trust. These will include the payment of property expenses and capital expenditure for investment properties and property, plant and equipment.

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Revenue from rentals received from controlled entities	—	—	74,262,275	72,576,926
Interest received from controlled entities	—	—	11,450,367	11,986,193
	—	**—**	**85,712,642**	**84,563,119**

The balances with controlled entities at the end of the year were:

Interest bearing receivables from controlled entities	—	—	128,861,195	170,831,160
Related party receivables	—	—	2,794,800	1,611,740
Related party payables	—	—	—	—
	—	**—**	**131,655,995**	**172,442,900**

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Outstanding balances are unsecured and are repayable in cash.

f) Key management personnel

Key management personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Trust. The Manager and the directors of MLOL meet the definition of KMP as they have this authority in relation to the activities of the Group. These powers have not been delegated by the Manager or directors of MLOL to any other person including both the Chief Executive Officer (CEO), Greg Shaw and Chief Financial Officer (CFO), Richard Johnson. Accordingly, the CEO and CFO of the Group are not considered to be KMP as they do not have sufficient individual authority and responsibility for planning, directing and controlling the activities of the Group.

g) Director and key management personnel compensation

	2009 $	2008 $
Short-term benefits	401,148	155,050
Post-employment benefits	129,852	98,955
	531,000	**254,005**

36 Related party disclosures (cont.)

g) Director and key management personnel compensation (cont.)

No amounts were receivable from, and/or payable to, director related entities at balance date.

	Short-term benefits		Post-employment benefits		Other long-term benefits			
2009	Salary $	Bonus $	Super-annuation $	Retirement $	Retention $	Other $	Stapled security-based payments $	Total $
Directors and key management personnel								
Executive directors								
Simon Jones	—	—	—	—	—	—	—	—
John Wright	—	—	—	—	—	—	—	—
Independent directors								
Neil Balnaves	169,725	—	15,275	—	—	—	—	185,000
George Bennett	39,450	—	3,550	—	—	—	—	43,000
Anne Keating	133,028	—	11,972	—	—	—	—	145,000
Roger Davis	58,945	—	99,055	—	—	—	—	158,000
	401,148	**—**	**129,852**	**—**	**—**	**—**	**—**	**531,000**

2008	Salary $	Bonus $	Super-annuation $	Retirement $	Retention $	Other $	Stapled security-based payments $	Total $
Directors and key management personnel								
Executive directors								
Simon Jones	—	—	—	—	—	—	—	—
John Wright	—	—	—	—	—	—	—	—
Independent directors								
Neil Balnaves	19,266	—	86,734	—	—	—	—	106,000
George Bennett	23,853	—	2,147	—	—	—	—	26,000
Anne Keating	69,725	—	6,275	—	—	—	—	76,000
Bruce Scott	36,316	—	3,269	—	—	—	—	39,585
Roger Davis	5,890	—	530	—	—	—	—	6,420
	155,050	**—**	**98,955**	**—**	**—**	**—**	**—**	**254,005**

The remuneration for Neil Balnaves, George Bennett and Anne Keating includes $100,000 (2008: $68,000) for compliance fees and board audit committee fees paid or payable by the Trust to the Manager and then paid by the Manager to these independent directors. No options were granted to key management personnel during the year.

Details of management fees charged to the Group by the Manager and its related entities are included in note 7.

36 Related party disclosures (cont.)

h) Directors and key management personnel equity holdings

The number of stapled securities held directly, indirectly or beneficially by the directors and key management personnel or their related entities is:

	Stapled securities held 2009	Stapled securities held 2008
Neil Balnaves	196,000	196,000
George Bennett	159,637	140,420
Anne Keating	49,700	49,700
Simon Jones	—	—
John Wright	—	—
Roger Davis	—	—

The aggregate number of stapled securities of the Group acquired or disposed of by directors and key management personnel was:

Acquisitions		
George Bennett	19,217	9,518
	19,217	**9,518**
Disposals		
None	**—**	**—**

37 Segment information

Business segments

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

Theme park operations

This segment represents Dreamworld and WhiteWater World in Coomera, Queensland.

Marina operations

This segment represents seven d'Albora Marina properties, located in New South Wales and Victoria, and My Boatie, which operates a boat management and concierge services business in New South Wales.

Bowling operations

The bowling centre business segment comprises 49 centres.

Family entertainment centres

The segment results include trading for nine sites. The Main Event family entertainment centres include ten pin bowling, billiard tables, amusement games, food and beverage and conference facilities.

Health Clubs

On 25 September 2007, the Group acquired the business of the Goodlife Health Clubs chain for a total consideration of $59.7 million. On 1 April 2008, the Group acquired 10 Zest Health Clubs in Queensland and South Australia for $7.1 million which has expanded the Group's presence in the Australian health and fitness market. The Group owns 96% of the parent company within this structure and the original Goodlife executive team owns the remaining 4% which represents a minority interest in the Goodlife Health Clubs structure. The Health Clubs business segment comprises 32 centres.

Other

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

Geographical segments

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

Australasia

The home country of the parent entity which is also the main operating entity. The areas of operation are principally theme park operations, marina operations and bowling operations.

United States of America

This comprises operations carried on in Texas, United States. The family entertainment centres business operates in this country.

37 Segment information (cont.)

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

Primary reporting – business segment 2009

	Theme parks $'000	Marinas $'000	Bowling $'000	Family entertainment centres $'000	Health clubs $'000	Other $'000	Total $'000
Revenue before property valuation gains	103,589	22,727	106,072	62,894	69,356	2,033	366,671
Property valuation gains – investment properties	—	—	—	—	—	—	—
Total income	**103,589**	**22,727**	**106,072**	**62,894**	**69,356**	**2,033**	**366,671**
Depreciation and amortisation	(7,138)	(752)	(5,829)	(5,045)	(8,187)	(1,763)	(28,714)
Impairment of goodwill	—	(409)	—	—	(180)	(738)	(1,327)
Segment results	29,664	8,123	12,993	6,582	3,489	(2,765)	58,086
Property valuation losses							(26,804)
Unallocated expenses							(35,531)
Tax expense							1,975
Finance costs attributable to minority interest holders							1,478
Loss							**(796)**
Total assets	313,937	83,831	126,661	110,655	97,050	12,958	745,092
Total liabilities	(76,229)	(19,620)	(31,524)	(110,033)	(77,647)	(20,121)	(335,174)
Net assets	**237,708**	**64,211**	**95,137**	**622**	**19,403**	**(7,163)**	**409,918**
Acquisitions of investment properties, property, plant and equipment and intangible assets	6,486	2,280	11,987	17,317	7,744	3	45,817

Primary reporting – business segment 2008

	Theme parks $'000	Marinas $'000	Bowling $'000	Family entertainment centres $'000	Health clubs $'000	Other $'000	Total $'000
Revenue before property valuation gains	107,947	22,715	100,980	54,472	36,732	4,936	327,782
Property valuation gains – investment properties	3,299	62	—	—	—	—	3,361
Total income	**111,246**	**22,777**	**100,980**	**54,472**	**36,732**	**4,936**	**331,143**
Depreciation and amortisation	(6,913)	(754)	(4,438)	(3,724)	(4,614)	(1,545)	(21,988)
Impairment of goodwill	—	—	—	—	—	—	—
Segment results	**32,761**	**8,513**	**9,567**	**13,111**	**1,789**	**493**	**66,234**
Unallocated expenses							(25,417)
Tax expense							(2,885)
Finance costs attributable to minority interest holders							1,517
Profit							**39,449**
Total assets	360,108	103,199	140,057	88,886	101,611	21,581	815,442
Total liabilities	(81,954)	(19,822)	(44,904)	(84,825)	(77,970)	(9,655)	(319,130)
Net assets	**278,154**	**83,377**	**95,153**	**4,061**	**23,641**	**11,926**	**496,312**
Acquisitions of investment properties, property, plant and equipment and intangible assets	17,202	2,538	21,020	14,658	91,264	4,141	150,823

37 Segment information (cont.)

Secondary Reporting – Geographical Segment

	Australasia 2009 $'000	**United States 2009 $'000**	**Total 2009 $'000**	Australasia 2008 $'000	2008 $'000	2008 $'000
Revenue before property valuation gains	303,777	62,894	366,671	273,310	54,472	327,782
Property valuation gains – investment properties	—	—	—	3,361	—	3,361
Total assets	634,437	110,655	745,092	726,556	88,886	815,442
Acquisitions of investment properties, property, plant and equipment and intangible assets	28,500	17,317	45,817	136,165	14,658	150,823

38 Capital and financial risk management

a) Capital risk management

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

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

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

The Group has a target gearing of 30% to 35% of debt to total tangible assets. At 30 June 2009, gearing was 40.4% (2008: 33.2%). During the year ended 30 June 2009, loan covenants were changed from just on the Trust assets and liabilities to Group loan covenants. The gearing calculated in line with Group loan covenants at 30 June 2009 is 39.1% compared to a covenant of 45%. Per Note 42 of the financial statements, subsequent to 30 June 2009, the Group has raised $66.7m of equity via an SPP and a placement. This will be partly used to fund the internalisation of the Manager of the Trust. If the internalisation payment of $17 million and the capital raise are taken into account Group covenant gearing will reduce to 32.1%.

Protection of the Group's equity in foreign denominated assets was achieved through borrowing in the local functional currency to provide a natural hedge supplemented by the use of foreign exchange forward contracts to provide additional hedge protection. The Group has a target equity hedge of 90% to 100% of the asset value by foreign currency.

In November 2008, due to a falling Australian dollar, to mitigate against liquidity concerns the Group repaid all of its USD borrowings leaving the Group's equity in US$ denominated assets exposed to movements in the USD. In June 2009, the Group acquired a new USD 10 million loan facility to partially mitigate this risk. If the liquidity of the Group is sufficient, additional US$ borrowings may be taken out in the future to reduce this exposure.

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

b) Financial risk management

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

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

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

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

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

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

38 Capital and financial risk management (cont.)

c) *Financial risk*

Foreign exchange risk

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

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

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

The majority of derivatives utilised to manage this consolidated exposure are held by the Trust. Therefore, the information provided below is only meaningful for the Group. Parent entity disclosures have been provided in accordance with AASB 7 *Financial Instruments: Disclosures* but are not meaningful as risk is not managed at this level.

Foreign investment

The Group aims to minimise the impact of fluctuations in foreign currency exchange rates on its net investments overseas by funding such investments by borrowing in the local overseas currency or by taking out forward foreign exchange contracts. The Group's policy is to hedge 90% to 100% of overseas investments in this way. As explained above in November 2008, the USD borrowings of the Trust were converted into AUD meaning that the Group is currently out of policy with regard to hedging its USD investments.

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

	Australian dollars		New Zealand dollars		US dollars	
Consolidated	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Assets						
Cash and cash equivalents	9,066	14,718	327	630	2,812	5,273
Receivables and other current assets	14,638	14,397	352	231	5,735	3,913
Derivative financial instruments	255	5,802	—	—	—	(2,233)
Properties held for sale	50,081	24,485	—	—	—	15,291
Investment properties	79,402	121,709	—	—	—	—
Property, plant and equipment	397,096	454,031	1,655	1,794	51,734	24,591
Intangible assets	73,214	81,633	3,097	3,075	49,011	41,265
Other non-current assets	4,705	4,837	20	—	1,892	—
Total assets	**628,457**	**721,612**	**5,451**	**5,730**	**111,184**	**88,100**
Liabilities						
Payables and other current liabilities	44,167	42,073	472	308	6,031	6,182
Derivative financial instruments	2,984	—	—	—	5,922	—
Interest bearing liabilities	250,746	171,869	—	—	11,933	78,699
Other non-current liabilities	9,572	19,999	—	—	3,347	—
Total liabilities	**307,469**	**233,941**	**472**	**308**	**27,233**	**84,881**
Net assets	**320,988**	**487,671**	**4,979**	**5,422**	**83,951**	**3,219**
Notional value of derivatives to hedge foreign exchange exposure			(5,092)	(5,056)	(9,133)	(9,786)
Net exposure to foreign exchange movements	**320,988**	**487,671**	**(113)**	**366**	**74,818**	**(6,567)**

38 Capital and financial risk management (cont.)

c) Financial risk (cont.)

Foreign investment (cont.)

Parent	Australian dollars 2009 $'000	Australian dollars 2008 $'000	New Zealand dollars 2009 $'000	New Zealand dollars 2008 $'000	US dollars 2009 $'000	US dollars 2008 $'000
Assets						
Cash and cash equivalents	2,084	868	—	—	12	2,248
Receivables and other current assets	2,724	1,880	10	—	376	455
Derivative financial instruments	255	5,802	—	—	—	(2,233)
Properties held for sale	50,081	9,194	—	—	—	—
Investment properties	345,594	462,216	—	—	—	—
Property, plant and equipment	88,036	85,848	—	—	—	—
Interest bearing receivables	52,646	90,250	1,505	1,759	74,710	78,822
Intangible assets	396	495	—	—	—	—
Other non-current assets	52,525	9,605	—	—	—	—
Total assets	**594,341**	**666,158**	**1,515**	**1,759**	**75,098**	**79,292**
Liabilities						
Payables and other current liabilities	7,655	6,118	—	—	38	178
Derivative financial instruments	2,984	—	—	—	5,922	—
Interest bearing liabilities	250,665	171,632	—	—	—	78,699
Total liabilities	**261,304**	**177,750**	**—**	**—**	**5,960**	**78,877**
Net assets	**333,037**	**488,408**	**1,515**	**1,759**	**69,138**	**415**
Notional value of derivatives to hedge foreign exchange exposure	—	—	(5,092)	(5,056)	(9,133)	(9,786)
Net exposure to foreign exchange movements	**333,037**	**488,408**	**(3,577)**	**(3,297)**	**60,005**	**(9,371)**

The table below demonstrates the sensitivity to reasonably possible changes in foreign exchange rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit, distributable earnings or equity, while a positive amount reflects a net potential increase.

Consolidated	Profit movement 2009 $000's	Profit movement 2008 $000's	Core earnings movement 2009 $000's	Core earnings movement 2008 $000's	Total equity movement 2009 $000's	Total equity movement 2008 $000's
AUD:NZD – increase 10%	10	(33)	—	—	10	(33)
AUD:NZD – decrease 10%	(11)	37	—	—	(11)	37
AUD:USD – increase 10%	(6,801)	597	—	—	(6,801)	597
AUD:USD – decrease 10%	7,482	(657)	—	—	7,482	(657)
Parent						
AUD:NZD – increase 10%	325	299	—	—	325	299
AUD:NZD – decrease 10%	(358)	(328)	—	—	(358)	(328)
AUD:USD – increase 10%	(5,455)	852	—	—	(5,455)	852
AUD:USD – decrease 10%	6,001	(937)	—	—	6,001	(937)

Foreign income

Through investing in overseas assets, the Group earns foreign denominated income. Net operating income derived is naturally offset by local currency denominated expenses including interest and tax.

The Group uses forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined rates out into the future.

At balance date, the Group is effectively 65% to 100% hedged for at least the next three years for US dollar distributable earnings at average exchange rates of A$1.00 = US$0.7574 (2008: A$1.00 = US$0.7558). No hedging has been done over NZD income given the small level of NZD profits. As such, the Group has no material distributable earnings exposure to movements in USD exchange rates for the next four years.

38 Capital and financial risk management (cont.)

c) Financial risk (cont.)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Group.

The Group is exposed to interest rate risk predominantly through borrowings. The Group manages this exposure on a consolidated basis. The Group applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps, to exchange floating interest rates to fixed interest rates, to manage its exposure between these bands. Compliance with the policy is reviewed regularly by management and is reported to the board each meeting.

The Group has exposures to interest rate risk on its monetary assets and liabilities, mitigated by the use of interest rate swaps, as shown in the table below. The table also demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit, distributable earnings or equity, while a positive amount reflects a net potential increase.

	Australian interest		US interest	
Consolidated	**2009 $000's**	2008 $000's	**2009 $000's**	2008 $000's
Fixed rates				
Interest bearing liabilities	(80)	(237)	—	—
	(80)	(237)	—	—
Floating rates				
Cash and cash equivalents	9,393	15,223	2,812	5,398
Interest bearing receivables	899	820	—	—
Interest bearing liabilities	(251,320)	(171,632)	(11,933)	(78,699)
	(241,028)	**(155,589)**	**(9,121)**	**(73,301)**
Interest rate swaps	75,000	75,000	55,778	46,964
Net interest rate exposure	**(166,028)**	**(80,589)**	**46,657**	**(26,337)**
Parent				
Floating rates				
Cash and cash equivalents	2,084	867	12	2,248
Interest bearing receivables	54,151	92,010	74,710	78,822
Interest bearing liabilities	(251,320)	(171,632)	—	(78,699)
	(195,085)	**(78,755)**	**74,722**	**2,371**
Interest rate swaps	75,000	75,000	55,778	46,964
Net interest rate exposure	**(120,085)**	**(3,755)**	**130,500**	**49,335**

Sensitivity

	Profit movement		Distributable earnings movement		Total equity movement	
Consolidated	**2009 $000's**	2008 $000's	**2009 $000's**	2008 $000's	**2009 $000's**	2008 $000's
1% increase in USD rates	828	260	676	(132)	2,366	4,604
1% decrease in USD rates	(828)	(260)	(676)	132	(2,366)	(4,604)
1% increase in AUD rates	(1,824)	(1,032)	(1,660)	(806)	1,729	1,968
1% decrease in AUD rates	1,824	1,032	1,660	806	(1,729)	(1,968)
Parent						
1% increase in USD rates	1,420	818	1,268	418	2,366	4,608
1% decrease in USD rates	(1,420)	(818)	(1,268)	(418)	(2,366)	(4,608)
1% increase in AUD rates	(1,364)	(264)	(1,201)	(38)	1,729	1,968
1% decrease in AUD rates	1,364	264	1,201	38	(1,729)	(1,968)

At balance date, the Group has fixed 50% (2008: 49%) of its net floating interest exposure.

38 Capital and financial risk management (cont.)

d) Liquidity risk

Liquidity risk arises if the Group has insufficient liquid assets to meet its short-term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Group were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Group.

The following tables provide the contractual maturity of the Trust's fixed and floating rate financial liabilities and derivatives as at 30 June 2009. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the value shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
30 June 2009								
Payables	49,558	49,378	—	—	180	—	—	49,558
Finance leases	81	23	67	—	—	—	—	90
Term debt	262,598	41,373	61,717	177,936	2,164	5,481	—	288,671
Interest rates swaps designated as hedges of the term debt	—	4,678	4,678	3,881	3,700	932	—	17,869
Total undiscounted financial liabilities	**312,237**	**95,452**	**66,462**	**181,817**	**6,044**	**6,413**	**—**	**356,188**

Consolidated								
30 June 2008								
Payables	49,478	41,279	1,513	2,017	2,017	2,652	—	49,478
Finance leases	237	180	90	—	—	—	—	270
Term debt	250,331	16,999	110,467	8,703	151,476	—	—	287,645
Interest rates swaps designated as hedges of the term debt	—	(214)	(214)	(214)	549	874	224	1,005
Total undiscounted financial liabilities	**300,046**	**58,244**	**111,856**	**10,506**	**154,042**	**3,526**	**224**	**338,398**

Parent								
30 June 2009								
Payables	7,693	7,693	—	—	—	—	—	7,693
Term debt	250,665	38,872	59,328	175,660	—	—	—	273,860
Interest rates swaps designated as hedges of the term debt	—	4,678	4,678	3,881	3,700	932	—	17,869
Total undiscounted financial liabilities	**258,358**	**51,243**	**64,006**	**179,541**	**3,700**	**932**	**—**	**299,422**

Parent								
30 June 2008								
Payables	6,296	6,296	—	—	—	—	—	6,296
Term debt	250,331	16,999	10,467	8,703	151,476	—	—	287,645
Interest rates swaps designated as hedges of the term debt	—	(214)	(214)	(214)	549	874	224	1,005
Total undiscounted financial liabilities	**256,627**	**23,081**	**110,253**	**8,489**	**152,025**	**874**	**224**	**294,946**

38 Capital and financial risk management (cont.)

e) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all of its financial assets included in the Group's Balance Sheet.

The Group managers this risk by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears.

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a close out. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to investment grade counterparties in accordance with the Group's FRM policy. The Group monitors the public credit rating of its counterparties.

The Group has policies to review the aggregate exposures of debtors and tenancies across its portfolio. The Group has no significant concentrations of credit risk on its trade receivables. The Group holds collateral in the form of security deposits or bank guarantees, over some receivables.

The table below details the concentration of credit exposure of the Group's assets to significant geographical locations:

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Cash and cash equivalents	12,205	20,621	2,096	3,116
Receivables – Australasia	3,267	4,424	2,423	1,157
Receivables – US	309	112	376	455
Derivative financial instruments	255	3,569	255	3,569
Interest bearing receivables – Australasia	899	820	54,151	92,010
Interest bearing receivables – US	—	—	74,710	78,821
	16,935	**29,546**	**134,011**	**179,128**

The interest bearing receivables held by the parent are loans to other entities in the Group. All cash, derivative financial instruments and interest bearing receivables are neither past due nor impaired.

The table below shows the ageing analysis of those receivables which are past due or impaired:

	Past due but not impaired			Impaired		Total
	Less than 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	More than 90 days $'000	Impaired $'000	Total $'000
Consolidated 2009						
Receivables – Australasia	967	615	218	516	164	2,480
Receivables – US	—	—	—	—	—	—
	967	**615**	**218**	**516**	**164**	**2,480**
Consolidated 2008						
Receivables – Australasia	521	485	364	315	334	2,019
Receivables – US	—	—	—	—	—	—
	521	**485**	**364**	**315**	**334**	**2,019**
Parent 2009						
Receivables – Australasia	—	—	—	—	—	—
Receivables – US	—	—	—	—	—	—
	—	**—**	**—**	**—**	**—**	**—**
Parent 2008						
Receivables – Australasia	—	—	—	—	—	—
Receivables – US	—	—	—	—	—	—
	—	**—**	**—**	**—**	**—**	**—**

38 Capital and financial risk management (cont.)

e) Credit risk (cont.)

Based on a review of receivables by management, a provision of $138,000 (2008: $232,000) has been provided against receivables with a gross balance of $164,000 (2008: $334,000).

The Group holds collateral against the impaired receivables in the form of bank guarantees and security deposits, however, these are not material.

There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

39 Contingent liabilities

The Group has agreed to make a further payment to the past shareholders of BowlAustralia Holdings Pty Limited with the payment conditional upon the opening of an additional bowling centre at Penrith in New South Wales.

No provision has been made for this bowling centre at 30 June 2009 as no commitments had been made to third parties or contracts signed for the centre.

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

40 Capital and lease commitments

a) Capital commitments

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Property, plant and equipment				
Payable:				
Within one year	477	7,455	—	—
	477	**7,455**	**—**	**—**

b) Lease commitments

The majority of the non-cancellable operating leases relate to property leases.

	Consolidated 2009 $'000	Consolidated 2008 $'000	**Parent 2009 $'000**	Parent 2008 $'000
Within one year	29,757	26,801	12,515	11,037
Later than one year but not later than five years	114,307	102,188	46,955	42,037
Later than five years	162,831	147,186	51,559	49,807
	306,895	**276,175**	**111,029**	**102,881**
Representing:				
Cancellable operating leases	73	11	—	—
Non-cancellable operating leases	306,732	275,894	111,029	102,881
Finance leases	90	270	—	—
	306,895	**276,175**	**111,029**	**102,881**

40 Capital and lease commitments (cont.)

b) Lease commitments (commitments)

Commitments in relation to finance leases are payable as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Within one year	23	180	—	—
Later than one year but not later than five years	67	90	—	—
Minimum lease payments	90	270	—	—
Future finance charges	(9)	(33)	—	—
Total lease liabilities	**81**	**237**	**—**	**—**
Representing lease liabilities:				
Current	23	168	—	—
Non-current	58	69	—	—
	81	**237**	**—**	**—**

The Group leases various plant and equipment with a carrying value of $93,000 (2008: $237,000) under finance leases which expire within one to five years. The weighted average interest rate implicit in the leases is 8.29% (2008: 7.67%).

41 Deed of cross guarantee

In 2006, MLOL, Bowling Centres Australia Pty Limited, BowlAustralia Holdings Pty Limited, Tidebelt Pty Limited and Bowling Centres Australia Catering Services Pty Limited entered into a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, Bowling Centres Australia Pty Limited has been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

a) Consolidated income statement and a summary of movements in consolidated retained profits

MLOL and Bowling Centres Australia Pty Limited represent a 'Closed Group' for the purposes of the Class Order. Tidebelt Pty Limited, BowlAustralia Holdings Pty Limited and Bowling Centres Australia Catering Services Pty Limited are also wholly owned subsidiaries of MLOL and are party to the deed of cross guarantee and therefore represent the 'Extended Closed Group'.

Set out below is a consolidated income statement for the year ended 30 June 2009 of the Closed Group consisting of MLOL and Bowling Centres Australia Pty Limited:

	2009 $'000	2008 $'000
Revenue from operating activities	220,431	222,655
Purchases of finished goods	(29,214)	(29,604)
Salary and employee benefits	(76,269)	(77,750)
Borrowing costs	(2,184)	(3,358)
Property expenses	(71,156)	(69,235)
Advertising and promotions	(11,180)	(11,727)
Repairs and maintenance	(10,581)	(10,241)
Pre-opening expenses	(124)	(627)
Depreciation and amortisation	(690)	(680)
Impairment of goodwill	(409)	—
Other expenses	(17,913)	(16,974)
Profit before tax expense	**711**	**2,459**
Income tax benefit/(expense)	263	(959)
Profit	**974**	**1,500**

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41 Deed of cross guarantee (cont.)

b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2009 of the Closed Group consisting of MLOL and Bowling Centres Australia Pty Limited.

	2009 $'000	2008 $'000
Current assets		
Cash and cash equivalents	5,180	10,262
Receivables	2,979	12,804
Inventories	5,955	5,561
Other	2,103	—
Current tax receivables	138	—
Total current assets	**16,355**	**28,627**
Non-current assets		
Property, plant and equipment	1,707	2,198
Livestock	508	615
Intangible assets	7,368	6,690
Deferred tax assets	2,875	2,839
Investment in controlled entities	44,550	45,735
Total non-current assets	**57,008**	**58,077**
Total assets	**73,363**	**86,704**
Current liabilities		
Payables	23,519	18,837
Interest bearing liabilities	—	139
Current tax liabilities	—	1,024
Provisions	3,568	5,034
Other	1,307	1,188
Total current liabilities	**28,394**	**26,222**
Non-current liabilities		
Payables	181	3,053
Interest bearing liabilities	34,196	47,170
Provisions	687	277
Deferred tax liabilities	268	1,444
Total non-current liabilities	**35,332**	**51,944**
Total liabilities	**63,726**	**78,166**
Net assets	**9,637**	**8,538**
Equity		
Contributed equity	2,679	2,554
Reserves	(2,310)	(2,310)
Retained profits	9,268	8,294
Total equity	**9,637**	**8,538**

42. Events occurring after reporting date

Subsequent to year end, a distribution of 7.8 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $18.8 million will be paid on 20 August 2009 in respect of the half year ended 30 June 2009.

Subsequent to the end of the period the Trust has completed the sale and leaseback of 3 more freehold bowling centres, realising proceeds of $12.5 million.

On 2 July 2009, the Group raised $41.7 million of equity at a stapled security issue price of $1.15 via an institutional placement. On 10 August 2009, a security purchase plan to retail investors was completed which raised a further $25 million of equity at $1.15.

On 25 June 2009, the Group announced a proposal to acquire the Manager from Macquarie Group Limited for $17 million. This transaction is subject to unit holder approval and will be voted on at the Combined General Meeting on 27 August 2009. If this proposal is successful the management of the Trust will be internalised and the Group will be rebranded Ardent Leisure Group.

Since the end of the financial year, the directors of the Manager and MLOL are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2009.

In the opinion of the directors of Macquarie Leisure Management Limited and Macquarie Leisure Operations Limited:

a) the financial statements and notes set out on pages 17 to 90 are in accordance with the *Corporations Act 2001*, including:

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

   ii) giving a true and fair view of the Group's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial year ended on that date;

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;

c) the audited remuneration disclosures set out on pages 7 to 11 in the directors' report comply with AASB 124 *Related Part Disclosures* and the *Corporations Regulations 2001*; and

d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 41 will be able to meet any obligations or liabilities which they are, or may become, subject by virtue of the deed of cross guarantee as described in Note 41.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Neil Balnaves
Director

Sydney
20 August 2009

PRICEWATERHOUSECOOPERS

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ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
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Facsimile +61 2 8266 9999

Report on the financial report

We have audited the accompanying financial report of Macquarie Leisure Trust (the Trust), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Macquarie Leisure Trust and the Macquarie Leisure Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Macquarie Leisure Management Limited, as the responsible entity for the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Auditor's opinion
In our opinion:

(a) the financial report of Macquarie Leisure Trust Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Macquarie Leisure Trust Group for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
20 August 2009

Liability limited by a scheme approved under Professional Standards Legislation

Securityholder Analysis

Top 20 securitesholders as at 31 August 2009

		Securities	%
1	J P Morgan Nominees Australia Limited	37,502,511	12.34
2	National Nominees Limited	32,507,413	10.69
3	HSBC Custody Nominees (Australia) Limited	29,646,232	9.75
4	Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/c>	9,489,328	3.12
5	Pacific Rim Operations Ltd	7,449,368	2.45
6	ANZ Nominees Limited <Cash Income A/c>	6,432,315	2.12
7	Cogent Nominees Pty Limited <SMP Accounts>	6,048,533	1.99
8	Citicorp Nominees Pty Limited <CFSIL Cwlth Property 1 A/c>	5,233,762	1.72
9	AMP Life Limited	5,124,284	1.69
10	Cogent Nominees Pty Limited	4,863,049	1.60
11	Macquarie Life Limited <Shareholders Fund A/c>	4,758,298	1.57
12	Citicorp Nominees Pty Limited	4,155,854	1.37
13	Ragusa Pty Ltd <Famdal Super Fund P1 A/c>	4,145,537	1.36
14	RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/c>	3,849,554	1.27
15	Sandhurst Trustees Ltd <JM Asset Management A/c>	3,818,385	1.26
16	RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/c>	3,799,864	1.25
17	Ragusa Pty Ltd <Famdal Super Fund P3 A/c>	3,646,934	1.20
18	Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/c>	3,475,926	1.14
19	RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/c>	1,654,479	0.54
20	RBC Dexia Investor Services Australia Nominees Pty Ltd <PISELECT A/c>	1,559,027	0.51
Total securites held by top 20		**179,160,653**	**58.94**
Total securites on issue		**303,981,829**	**100.00**

Range of securites summary as at 31 August 2009

Range	Holders	Securities	%
1 – 1,000	3,304	2,121,622	0.70
1,001 – 5,000	2,751	7,749,249	2.55
5,001 – 10,000	1,799	13,318,488	4.38
10,001 — 100,000	2,831	69,483,987	22.86
100,001 and over	137	211,308,483	69.51
Total	**10,822**	**303,981,829**	**100.00**

The total number of securityholders with less than the marketable parcel of 355 securities is 693.

Voting rights

On a poll, each securityholder has, in relation to resolutions of the Trust, one vote for each dollar of the value of their total units held in the Trust and in relation to resolutions of the Company, one vote for each share held in the Company.

Substantial securityholder notices

Company	Date of change	Securities	%
Commonwealth Bank of Australia	25 August 2009	24,071,688	4.73
AMP Limited	21 August 2009	15,544,668	5.11
Macquarie Group Limited	11 August 2009	16,230,653	5.41
Westpac Banking Corporation/BT Investment Management	29 June 2009	20,242,713	8.38
Famdal Investments Pty Limited	22 May 2003	9,000,000	5.93

Distribution History

Period ended	New issue price	Distribution	Taxable amount		Tax deferred amount		Tax free amount		DRP issue price	Period end security price
History	$	Cents/security	Cents/security	%	Cents/security	%	Cents/security	%	$	$
Macquarie Leisure Trust										
6 Jul 1998	1.00[1]	—	—	—	—	—	—	—	—	—
31 Dec 1998		4.70	1.58860	33.80	2.69451	57.33	0.41689	8.87	—	0.82
30 Jun 1999		5.70	2.53080	44.40	2.73201	47.93	0.43719	7.67	0.7976	0.81
31 Dec 1999		4.93	1.65697	33.61	2.83771	57.56	0.43532	8.83	0.8034	0.82
13 Jan 2000	0.81[2]	—	—	—	—	—	—	—	—	—
30 Jun 2000		5.57	0.26625	4.78	4.91218	88.19	0.39157	7.03	0.7858	0.81
31 Dec 2000		3.30	1.53320	46.46	1.44050	43.65	0.32640	9.89	0.7078	0.74
30 Jun 2001		3.70	1.90106	51.38	1.79894	48.62	[3]	[3]	0.5070	0.52
31 Dec 2001		3.30	1.51110	45.79	1.78890	54.21	[3]	[3]	0.6415	0.67
30 Jun 2002		3.70	1.05339	28.47	2.64661	71.53	[3]	[3]	0.6454	0.67
31 Dec 2002		3.50	1.47665	42.19	2.02335	57.81	[3]	[3]	0.7000	0.70
30 Jun 2003		4.00	1.49729	37.43	2.50271	62.57	[3]	[3]	0.7820	0.78
Macquarie Leisure Trust Group[4]							CGT concession			
31 Dec 2004		5.20							1.6894	1.74
30 Jun 2005		6.60							1.8481	1.97
Year to 30 Jun 2005		**11.80**	**10.40958**	**88.22**	**1.39042**	**11.78**	**—**	**—**		
31 Dec 2005		7.00							2.3050	2.48
30 Jun 2006		7.50							2.4021	2.50
Year to 30 Jun 2006		**14.50**	**9.48186**	**65.40**	**5.01814**	**34.60**	**—**	**—**		
31 Dec 2006		8.00							2.9213	2.98
30 Jun 2007		9.10							3.1894	3.30
Year to 30 Jun 2007		**17.10**	**13.19952**	**77.19**	**3.50226**	**20.48**	**0.39822**	**2.33**		
31 Dec 2007		9.60							3.4168	3.49
30 Jun 2008		10.00							1.5235	1.49
Year to 30 Jun 2008		**19.60**	**16.72845**	**85.35**	**2.09711**	**10.70**	**0.77444**	**3.95**		
31 Dec 2008		6.50							0.9727	0.90
30 Jun 2009		7.80							1.4048	1.415
Year to 30 Jun 2009		**14.30**	**8.19817**	**57.33**	**3.75274**	**26.24**	**2.34909**	**16.43**		

(1) Initial Public Offer of units in Macquarie Leisure Trust at $1.00 each.
(2) 1 for 5 Renounceable Rights Issue of units at $0.81 each.
(3) Tax free amounts are now treated as tax deferred.
(4) Trust was restructured effective 1 July 2003 to form a stapled entity consisting of Macquarie Leisure Trust and Macquarie Leisure Operations Limited.

Information relating to Ardent Leisure can be found at www.ardentleisure.com.au. The website is a useful source of information about the Group and its property portfolio. The site contains a variety of investor information, including presentations, webcasts, newsletters, annual reports, half year updates, distribution history and timetable, security price information and announcements to the ASX.

Investor benefits program

The investor benefits program aims to provide investors with an opportunity to experience and enjoy Ardent Leisure assets. To investors with a minimum of 2,000 stapled securities, the investor benefits program provides the following privileges:

Dreamworld/WhiteWater World

— two vouchers per annum to receive one complimentary admission to Dreamworld or WhiteWater World when a second admission (of equal or greater value) is purchased. You can give one of these vouchers to someone else at your discretion

— benefit from a 10% discount on in park purchases (conditions apply).

d'Albora Marinas

— enjoy a free subscription to d'Albora's *Docklines* magazine by registering online at www.dalboramarinas.com.au or by calling (02) 9960 7700.

AMF/Kingpin Bowling

— 20% discount for securityholder and up to three guests per visit off the standard game rate

— discount valid for one visit per day everyday of the year that the centre is open for operation

— discount only available on two bowling games and shoe hire. Food and beverage and pro shop purchases are excluded

— discount cannot be used in conjunction with any other offers or prepaid events

— discount only available in Australia

— discount is not valid for league or tournament play.

Goodlife Health Clubs

— no joining fee and the remainder of the first month of membership for free (conditions apply).

The investor benefits program does not have a material impact on the income of the Group.

Distribution payments and annual taxation statement

Distributions are currently payable twice a year and received by investors approximately four to seven weeks after each half year end. To view your 2008/2009 annual taxation statement online, please visit the Link Investor Service Centre at www.linkmarketservices.com.au

Distribution reinvestment plan (DRP)

The DRP price for the half year ended 30 June 2009 was $1.4048 per stapled security. Please note that the terms and conditions of the DRP may vary from time to time. Details of any changes (and whether the DRP continues to operate or is suspended) will be announced by the Manager.

Contact details

Security registry

To access information on your holding or to update/change your details, contact:

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Telephone
1300 720 560 (within Australia)
+61 2 8280 7604 (outside Australia)

Facsimile
+61 2 9287 0303

Website
www.linkmarketservices.com.au

Email
registrars@linkmarketservices.com.au

Manager

All other enquiries relating to your Ardent Leisure Group investment can be directed to the Manager:

Telephone
1800 ARDENT (within Australia)
+61 2 9409 3670 (outside Australia)

Email
investor.relations@ardentleisure.com

Investor complaints

What to do if you have a complaint

Please contact us so that we can address your complaint:

Ardent Leisure Group
Level 16, 61 Lavender Street
Milsons Point NSW 2061

Email
investor.relations@ardentleisure.com

Telephone
1800 ARDENT (within Australia)

External dispute resolution

In the event that the matter cannot be resolved within a reasonable period of time (usually 45 days) or you are not satisfied with our response, you can seek assistance from the Financial Ombudsman Service (FOS). FOS provides a free and independent dispute resolution service to our investors. FOS's contact details are below:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Email
info@fos.org.au

Telephone
1300 78 08 08 (within Australia)

Facsimile
+61 3 9613 6399

Website
www.fos.org.au

Corporate directory

Manager
Ardent Leisure Management Limited
ABN 36 079 630 676

Registered office
Level 16, 61 Lavender Street
Milsons Point NSW 2061

Company
Ardent Leisure Limited
ABN 22 104 529 106
Level 16, 61 Lavender Street
Milsons Point NSW 2061

Directors of Ardent Leisure Management Limited
Neil Balnaves (Chairman)
George Bennett
Roger Davis
Anne Keating

Directors of Ardent Leisure Limited
Neil Balnaves (Chairman)
George Bennett
Roger Davis
Anne Keating

Chief Executive Officer
Greg Shaw

Chief Financial Officer
Richard Johnson

Secretary
Alan Shedden

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ASX code
AAD

Custodian
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Sydney NSW 2000

Auditor of the Trust
PricewaterhouseCoopers
Riverside Centre
123 Eagle Street
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Unit registry
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Website
www.linkmarketservices.com.au

To arrange changes of address, or changes in registration of units, please contact the unit registry at the address or number listed above.

Ardent Leisure Trust
ARSN 093 193 438

This is the annual report for the Ardent Leisure Group (**Ardent Leisure Group**), a stapled entity comprising units in the Ardent Leisure Trust ARSN 093 193 438 (**Trust**) and shares in Ardent Leisure Limited ABN 22 104 529 106 (**Company**).

This information has been prepared by Ardent Leisure Management Limited ABN 36 079 630 676 (**Manager, we, our, us**), a wholly owned subsidiary of the Company and the responsible entity of the Trust for general information purposes only, without taking into account any potential investors' personal objectives, financial situation or needs. Before investing, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice.

The Manager does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating the Trust which, in accordance with the Trust's constitution, are calculated by reference to the value of the assets and the performance of the Trust. For more detail on fees, see the Trust's latest annual report. To contact us, call 1300 365 585 (local call cost).

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of the Manager. Actual results may vary from any forecasts and any variation may be materially positive or negative.

Investments in the Ardent Leisure Group are not deposits with or liabilities of the Company, the Manager or any other Ardent Leisure Group entity and are subject to investment risk including possible delays in repayment and loss of income and principal invested. None of the Company, the Manager nor any other Ardent Leisure Group entity guarantees the performance of the Ardent Leisure Group or the repayment of capital from the Ardent Leisure Group, or any particular rate of return.

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