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27 September 2010

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

ASX RELEASE

Dear Sir/Madam

ANNUAL REPORT 2010

Please find attached the Ardent Leisure Group Annual Report 2010 for release to the market in accordance with Listing Rule 4.7.

Yours faithfully

Alan Shedden
Company Secretary

Ardent Leisure Group
Comprising

Ardent Leisure Trust ARSN 093 193 438

(Manager: Ardent Leisure Management Limited ABN 36 079 630 676, AFS Licence No. 247010) and

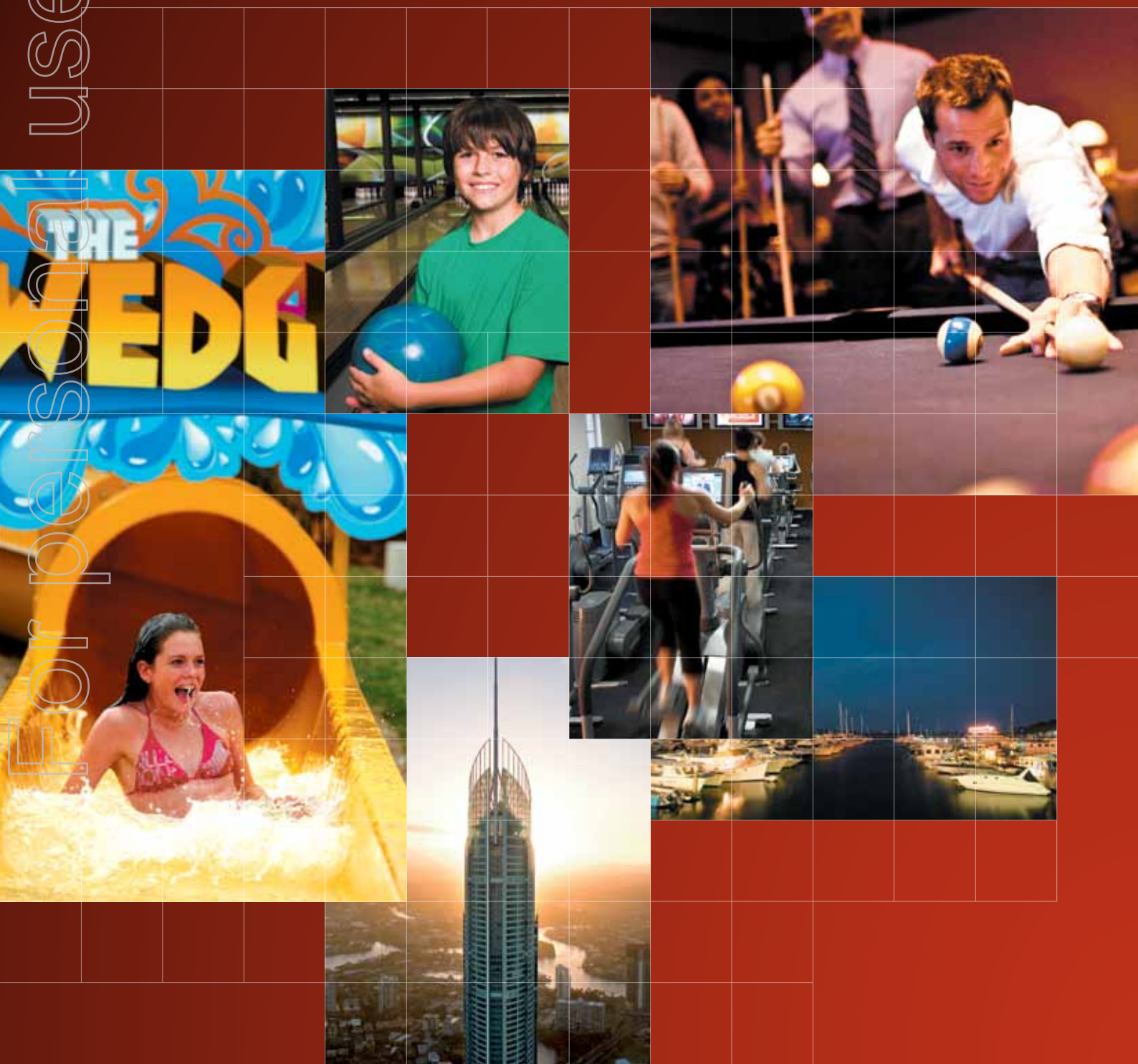
Ardent Leisure Limited ABN 22 104 529 106



ARDENT
LEISURE

Ardent Leisure Annual Report 2010

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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.

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Message from the Chairman

Dear Investor

The past 12 months have seen significant changes to operating conditions in the Australian leisure market. Certainly, a general deterioration in discretionary spending has impacted operating revenues across the Group and has provided management with additional challenges. As a Group, we have responded to this development by emphasising innovation in both our products and pricing so as to better match consumer demand. These initiatives, together with further refinement of our cost structures, have positioned the Group for a return to earnings growth as conditions improve.

The acquisition of several quality properties at attractive low earnings multiples have also helped strengthen our long term growth profile following the internalisation of the manager of Ardent Leisure Trust in September 2009.

In November 2009, the Group acquired for \$13.3 million the real estate and operating business of QDeck on levels 77 and 78 of the Q1 Building in Surfers Paradise, Gold Coast. QDeck is the highest beachside observation deck in the Southern Hemisphere and offers spectacular views of the Gold Coast beaches and hinterland. Under our ownership, QDeck will benefit directly from the existing marketing and management expertise of the Theme Park division and provides another growth dimension for the existing Dreamworld properties.

Then, in April 2010 the Group completed the acquisition of seven Zest health clubs in Western Australia for \$4.2 million representing an EBITDA multiple of 3.5 times after allowance for \$2.1 million in initial capital upgrades to the centres. This transaction has provided the Health Clubs division with a meaningful operational platform in Western Australia as a base for future expansion. Goodlife is now one of the dominant operators in Western Australia and further membership growth is anticipated when refurbishment of these clubs is completed in the second quarter of this financial year.

During the last year, the Group has also undertaken several initiatives aimed at strengthening its corporate governance and leadership at Board level. In September 2009, the Board was pleased to welcome George Venardos as an additional Non-Executive Director and Greg Shaw, as Managing Director to the Boards of both Ardent Leisure Limited and Ardent Leisure Management Limited and also appointed Alan Shedden as Company Secretary.

In February 2010, we also saw the retirement of George Bennett as a Director and the Board would like to thank him for his significant contribution to the Group.

Finally, on behalf of all the Board I would like to thank both our staff and investors for their support in a difficult trading year.



Neil Balnaves
Chairman



Message from the Chief Executive Officer

The year under review has seen a challenging trading environment for the Group both in Australia and the United States. While the Theme Park division was directly affected by these conditions, our other divisions have experienced only small declines throughout the year. The Group continued to focus on our cost base during the year and this will result in a more direct impact on earnings when we see trading conditions improve. Despite the difficult conditions the Group continues to offer an attractive yield to investors with a total distribution for the year of 10.75 cents per security representing a yield of approximately 11.6% based upon a security price of \$0.925 at 31 August 2010.

The Group remains a significant employer across Australia employing approximately 2,115 full time equivalent staff across our Australian operations and a further 37 in New Zealand and 650 in the United States. The long term success of the Group will be largely driven by our employees and stakeholders and I would like to thank everyone for their support throughout the year.

The Theme Park division was impacted by a general downturn in both domestic and international travellers to the Gold Coast in the second half and a heightened level of competition both locally and internationally. These conditions saw earnings before property costs fall 13.8% from the prior year. Despite these influences, total attendance grew 9.6% to 2,103,276 through the introduction of a range of "value for money" pricing options to entice a more cautious customer. A higher proportion of local pass holders and reduced in park spending has seen per capita spending decline. Pleasingly, July trading has rebounded strongly and we believe that the Gold Coast remains well placed to capitalise on low cost airfares and a significant supply of affordable self contained accommodation.

The Marina division delivered earnings before property costs growth of 1.3% over the prior year. Berthing revenues were maintained at prior year levels with lower occupancies at The Spit offset by improvements across the portfolio particularly at Nelson Bay and Cabarita Point. After successfully securing a number of tenants, land rentals have grown throughout the year with the portfolio nearing full occupancy.

The Bowling division delivered a 4.9% decline in earnings before property costs on the prior year, with declines in constant centres and centre closures being partially offset by the impact of new developments. After completion of the sale and leaseback of freehold sites, the division has once again commenced developing new centres. Three new centres were successfully opened during the course of the 2010 financial year at Clayton (VIC) in April and at Rooty Hill RSL (NSW) and Robina Town Centre (QLD) in June. These new flagship centres are well positioned to deliver a significant increase in revenues and earnings in the current financial year. The introduction of M9 laser arenas in all new venues and in a number of existing developments has also helped to broaden the target market with this attraction proving popular at children's birthday parties and with social, teenage and corporate groups. In the coming year a new site is scheduled to open at Watergardens in Melbourne and a redevelopment of the AMF Cross Roads building in Adelaide together with an adjoining Goodlife health club is due for completion in the third quarter.

The Health Clubs division recorded earnings growth before property costs of 3.9% over the prior year assisted by the acquisition of seven Western Australian health clubs completed in April 2010. Throughout the year, the majority of clubs have delivered small increases in earnings despite a more challenging trading environment. A small number of clubs experienced declines in membership due to either increased competition or a deterioration of trading conditions in their immediate catchment. Since year end these clubs have returned to earnings growth. A recent investment in systems will enable Goodlife to benefit from a fully automated sales management system designed to improve the productivity of our sales teams.

In the United States, the Main Event business has experienced tough trading conditions over the past year with earnings before property costs falling 3.6% against the prior year. Despite the trading environment, constant centre revenues have shown improvement over the prior year since February 2010 due to the creation of "value for money" special offers. July 2010 trading has also evidenced a strong improvement in revenues reflecting improved patronage across all sites.



Greg Shaw
Managing Director
and Chief Executive Officer



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Theme Parks division

The Theme Parks division saw deterioration in trading conditions during the period caused by a softening in visitors numbers to the Gold Coast and increased pressure on customers' discretionary spend. The division recorded total revenues of \$98.6 million, representing a decline of 4.8% on the prior year. Earnings before property costs for the period totalled \$33.2 million, representing a decline of 13.8% on the prior year.

Park attendance grew 9.6% in the period however per capita spend fell by 13.1%. The division launched a number of initiatives to increase revenues including the new Wedgie water slide, the Illuminate laser light show and the Winter Wonderland promotion.

The acquisition of the Gold Coast observation deck, QDeck, in December 2009 provided opportunities to realise synergies and capture incremental revenue from Gold Coast visitors. The Theme Parks division will benefit from a full year contribution from QDeck in FY2011.

The division introduced targeted value offers for the Easter and July holidays and these have driven strong local attendance across school holiday periods. Early indications of the success of the latest pass promotions show a strong rebound during July 2010, with theme park revenues of \$10.6 million up 22.8% on July 2009.

In order to maintain the parks' leading position in the thrill ride market a program of capital expenditure has been initiated with a series of new attractions planned over the next three years commencing with the launch of the new Tower of Terror II – Face Gravity, Face First experience planned to coincide with the September 2010 school holiday period.



Marina division

The Marina division has proven resilient to the unsettled economic climate and recorded total revenue of \$22.7 million in line with the prior year. Earnings before property costs of \$12.0 million increased 1.3% on the prior year. Berthing revenues of \$11.4 million matched those of the prior year although land revenues were down 1.7% partly due to lease expiries at The Spit marina during the first half of the year. The Marina division achieved operating margins of 52.9% for the period against 52.1% in the prior year.

A successful leasing campaign has seen land tenancies return to almost full occupancy with land revenues for the six months to 30 June 2010 up 7.4% on the prior corresponding period. Improved trading in July 2010 saw revenues of \$1.7 million recorded, representing a 7.9% increase on July 2009.



Main Event

Main Event was impacted by ongoing economic stress within the US economy and a weak retail environment. Despite these influences, Main Event recorded total revenues of US\$45.7 million, representing a decline of 1.5% on the prior year. The business has delivered positive earnings growth since February 2010 with a gradual improvement of both walk-in and event business.

Earnings before property costs for the period totalled US\$14.9 million, representing a 3.6% decline on the prior year. A continued focus on cost control has seen operating margins of 32.6% maintained against 33.3% achieved in the prior year.

Main Event recorded July 2010 revenues of US\$5.0 million representing an increase of 17.1% on the prior corresponding period. This result reflects the implementation of a range of successful value-for-money promotions.

While it remains difficult to forecast long term improvement in the US retail environment Main Event is expected to benefit from improving margins as incremental revenue is achieved.



Health Club division

General economic uncertainty created pressure on member retention and member acquisition in the Health Club division throughout the financial year. The division responded to this by maintaining operating margins and developing additional value added services for members. Despite the pressure on discretionary expenditure, the division delivered total revenues of \$73.4 million, representing a 5.8% increase on the prior year.

Earnings before property costs for the period increased 3.9% to \$27.1 million, with operating margins being maintained at 36.9%. This result reflects the continuing focus on operating costs and the contribution from the Western Australian health club portfolio acquired in April 2010.

The division is expected to benefit in FY2011 from a full year contribution by the new Western Australian clubs, with July 2010 revenues up 21.0% on July 2009. Constant club revenue in July 2010 increased by 0.7% over the prior corresponding period.

The Health Club division continues to focus on consolidating its dominant position in the Brisbane, Adelaide and Perth markets with the new Western Australian clubs scheduled for refurbishment in FY2011. In addition, a new Goodlife facility at Cross Roads in Adelaide is under development and is planned to open in the third quarter of FY2011.



Bowling division

The Bowling division experienced a subdued retail environment and unfavourable weather conditions in Western Australia, South Australia and New Zealand to record total revenue of \$102.0 million for the year, reflecting a 3.8% decline on the prior year. Earnings before property costs totalled \$32.6 million, representing a 4.9% decline on the prior year and were impacted by the closure of centres without a full year contribution from newly developed centres.

Continued improvements in labour productivity and corporate overheads have allowed the division to maintain operating margins at 32.0%. In September 2009, the division launched the AMF loyalty program, with approximately 266,000 members currently registered. The program allows targeted direct marketing and tighter discounting which has led to an increase in bowling revenue per game.

The addition of new amusement machines and the impact of two new M9 laser tag venues have also benefited bowling revenue per game and evidence an opportunity to drive revenue across the portfolio.

The division successfully completed new developments at Clayton in Victoria (April 2010), Rooty Hill RSL in NSW (June 2010) and Robina Town Centre in Queensland (June 2010). All of the new developments have met or exceeded trading expectations, with AMF Rooty Hill consistently delivering the best revenue performance across the division's portfolio.



New centres will continue to be developed in FY2011 with a new development planned for Watergardens Town Centre in Victoria (October 2010) and the redevelopment of AMF Cross Roads in Adelaide underway. In addition, three Western Australian centres are scheduled for refurbishment prior to January 2011.

The Bowling division is expected to benefit from a full year contribution from the new centres with July 2010 revenues of \$12.0 million reflecting a 9.6% increase on the prior corresponding period. Excluding the new developments, constant centre revenues increased by 3.6%.



Neil Balnaves AO

Neil Balnaves was appointed as Chairman of the Group in 2001. Neil has worked in the entertainment and media industries for over 45 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. In 2010, Neil was appointed an Officer of the Order of Australia for his services to business and philanthropy.

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

Former listed directorships in last three years:

Southern Cross Broadcasting (Australia) Limited

Roger Davis

Roger Davis was appointed a Director of the Company in 2008. Roger brings over 25 years experience in banking and investment banking in Australia, the US and Japan to the Board. Roger is a consulting director at Rothschild (Australia) Limited and holds directorships at Aristocrat Leisure Limited, The Trust Company Limited and Chartis Australia Insurance Limited. He is also a Director of Charter Hall Office Management Limited, manager for Charter Hall Office REIT, 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.

Roger's former directorships include the chairmanship of Esanda, along with directorships of ANZ (New Zealand) Limited, Magellan Financial Group Ltd and Citicorp Securities Inc. in the United States.

Roger holds a BEc (Hons) from The University of Sydney and an MPhil from the University of Oxford.

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

Former listed directorships in last three years:

None

Anne Keating

Anne Keating was appointed a Director of Ardent Leisure Management Limited in 1998. Ms Keating is currently a Director of STW Communications Group Limited and Goodman Group and is a member of the Advisory Council of Royal Bank of Scotland (Australia). Anne is also a Director of the Garvan Institute of Medical Research, a Trustee of the Centennial Parklands and Moore Park Trust and a Governor of the Cerebral Palsy Foundation.

Anne's former directorships include Insurance Australia Group Limited, NRMA, the WorkCover Authority of NSW, the Tourism Task Force, Spencer Street Station Redevelopment Holdings Limited and the Victor Chang Cardiac Research Institute. Ms Keating was the General Manager of Australia for United Airlines from 1993 to 2001.

Anne is a member of the Group's Remuneration and Nomination Committee.

Former listed directorships in last three years:

None

Greg Shaw

Greg Shaw was appointed a Director in September 2009 following the completion of the internalisation of the Manager of Ardent Leisure Trust. Greg is the Chief Executive Officer of the Group and was appointed to this role in 2002. Prior to joining the Group, Greg was the Managing Director of Port Douglas Reef Resorts Limited a major resort 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. Greg qualified as a Chartered Accountant in 1983.

Greg is a member of the Safety, Sustainability & Environment Committee.

Former listed directorships in last three years:

None

George Venardos

George Venardos was appointed a Director of both the Company and the Manager in September 2009 and brings extensive financial management experience to the Board derived from his previous roles. George was Chief Financial Officer of Insurance Australia Group from 1998 to 2008 and currently holds non-executive directorships with Guild Group Holdings Ltd, Buglass Ltd, IOOF Ltd and Miclyn Offshore Express Limited.

George is a Fellow of The Institute of Chartered Accountants of Australia and holds a commerce degree from the University of New South Wales.

George is Chairman of the Audit and Risk Committee and is also a member of the Safety, Sustainability & Environment Committee.

Former listed directorships in last three years:

Australian Wealth Management Ltd
IAG Finance (New Zealand) Ltd



Management

From left to right: Richard Johnson, Jordan Rodgers, Noel Dempsey, Roy Menachemson, Greg Shaw, Greg Oliver, Tim Innes, Charlie Keegan

Greg Shaw

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

Richard Johnson

Richard became Chief Financial Officer of the Group in December 2004. After practising as a chartered accountant in London, he specialised in the sports and leisure industry where he now has 17 years experience. Richard is a Fellow of the Institute of Chartered Accounts in England and Wales.

Noel Dempsey

Noel joined the Group as 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 in Australia and New Zealand.

Jordan Rodgers

Jordan 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.

Roy Menachemson

Roy has worked in the Bowling division since its acquisition in 2005. Originally heading up the business as CEO, Roy moved to the CEO Development role in 2007. Roy oversees new bowling centre developments and refurbishment of existing centres.

Tim Innes

Tim joined the Group as AMF Operations Manager in 2005, moving to the role of CEO Kingpin Bowling in 2006. Tim has over 25 years experience in hospitality, covering all areas of operations and management of hotels and resorts, nightclubs, restaurants and liquor retail outlets.

Charlie Keegan

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.

Greg Oliver

Greg joined the Goodlife Health Club business in June 2010. Greg has had extensive professional career in the fitness industry, having successfully owned and operated a number of clubs, created Debit Success, Australia's leading fitness direct debit and membership software provider, and successfully operated one of Australia's largest fitness training organisations.

Alan Shedden

Company Secretary of the Manager and the Company

Alan was appointed Company Secretary of the Manager and the Company on 9 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 S.A, 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.



Sustainability

The Group will continue to support and develop sustainable business practices in the key areas of the Environment; Occupational Health & Safety, Quality, Human Rights, Community Relations, Corporate Governance and People Practices.

The Group is committed to the adoption of environmentally, socially and economically sustainable solutions across all of its areas of business activity. The sustainability function continually develops our program of social and environmental sustainability and assists the Group in contributing to economic development while being mindful of our impact on our employees, their families and the local community and society at large.

The Group is committed to maintaining a working environment and culture where sustainability is a core value.

In September 2009 the Directors adopted a suite of policy statements to help coordinate and better communicate the Group's efforts in sustainability. The Directors also established a Safety, Sustainability & Environment Committee (SSE Committee). The role of the SSE Committee is to monitor, review, evaluate and make recommendations to the Board in relation to occupational health & safety (OH&S), sustainability and the environment.

The SSE Committee monitors the effectiveness of the Group's OH&S policies and the operational risk management framework including drafting, implementing, monitoring and recommending improvements. The SSE Committee also reviews the adequacy of existing OH&S resources as well as current and possible future regulation.

Periodic internal and external reviews of OH&S and operational risks are undertaken and the results discussed with management. These reviews include the process for identification and assessment of OH&S risks and the adequacy of existing risk management systems.

In the field of sustainability and the environment, the SSE Committee reviews the Group's policies, procedures and reporting in relation to sustainability and monitors the adequacy of resources applied to sustainability as well as existing and possible future regulations.

The SSE Committee does not address matters associated with financial or monetary risk associated with internal financial controls.

OH&S

The Group is committed to the OH&S of employees, contractors and all others who operate under the Group's areas of control. OH&S is a primary function within the Group and has the full support of the Directors. The Group seeks to maintain a culture with OH&S as a core value through the communication of defined objectives and targets and is committed to exceed the requirements of applicable OH&S legislation. The Group adopts a consultative approach to OH&S focussed on critical risks within the workplace. The Group will ensure that safety is integrated into the design and planning processes, with implementation of continuous improvements based upon lessons learned across our operations.

The Group has implemented an integrated safety management system across operating departments with regular sign offs by divisional CEOs. The Group also operates a number of safety committees whose purpose is to oversee the management of all safety and environmental related risks within the Group. These committees monitor the safety management system, review and implement safety management initiatives and also include elements of emergency planning. The committees also provide senior managerial support for all aspects of safety and environmental matters.

The Group's OH&S strategy focuses on specific priority areas such as the reduction of employee and visitor related injuries, improved data collection, management and analysis, regular scheduled safety audits, contractor management and the continuing development of a culture of safety throughout the Group.

Environmental

The Board is committed to providing a working environment and culture where the protection and enhancement of the environment are a core value. The Group is committed to minimising our impact on the environment in which we operate through the identification and management of environmental risks. The Group will ensure that environmental considerations are integrated into business planning processes.

Energy numbers for the Group for the year ended 30 June 2010 translate to total emissions of approximately 60 KT of CO₂. The Group is actively reducing our energy usage and corresponding emissions through targeted capital investment and behavioural training.

The Group procurement function has undertaken a number of initiatives aimed at reducing our energy usage including dynamic metering and addressing inherent inefficiencies in lighting, heating and air conditioning systems.

Quality

The Board believes that an effective quality assurance function is essential to maintaining long term productivity and competitiveness and seeks to consistently deliver high quality products and services. The Group adopts a consultative approach to ensure that quality assurance is a fundamental consideration in meeting stakeholder expectations. The Group will ensure that quality assurance is integrated into business design and planning processes, with an emphasis on implementation of continuous improvements.

In December 2009, Dreamworld and WhiteWater World conducted their annual customer exit survey. In excess of 90% of respondents gave both theme parks a positive rating in terms of their experience within the parks. None of the other business divisions undertook customer satisfaction surveys.

The Group has adopted a Complaints Handling Policy designed to treat all complaints received in a consistent and fair manner.

Under the Corporations Act 2001, all managed investment scheme constitutions are required to provide for a complaints handling procedure, and under its Australian Financial Services Licence conditions, the manager of Ardent Leisure Trust must be a member of an external complaints resolution scheme approved by ASIC.

The policy is aimed at providing an efficient and fair resolution of all complaints and recognises that a complainant has a right to be heard, should be informed of the process to be used and be given reasons for the final remedy or decision. The Group acknowledges that complainants also have a right to have the complaint reviewed independently and where possible have the complaint kept confidential. In addition, the subject of a complaint should also have the right to collect sufficient information about the complaint, to enable the complaint to be properly investigated and be given reasons for the final remedy or decision.

Community Relations

The Group understands the impact that its operations have on the communities in which the Group operates. The Directors understand and support the engagement of the community at all levels as a fundamental consideration in addressing the community's needs in business decisions. The Group is committed to maintaining a working environment and culture where social sustainability is a core value.

The Group has not identified any significant areas of corruption risk due to the relatively stable environments in which the Group operates. Fraud is a constant risk due to the high cash handling nature of our businesses. In order to promote ethical behaviour, the Group has established an internal reporting system for the reporting of disclosures of corrupt conduct, illegality or substantial waste of company assets by the Group or its employees.

Civil Rights

The Group is committed to support and respect the protection and enhancement of internationally proclaimed civil rights and ensure that it is not complicit, directly or indirectly in civil rights abuses.

The Group is an equal opportunity employer and operates policies supporting anti-discrimination, harassment and equal opportunities. The Group also supports the right to freedom of association, with all our businesses advertising to employees the right to join trades unions within employee handbooks and collective bargaining agreements.

Integrity of the Group's supply chain is an area of focus and the Group has assessed its supply chain and has identified our merchandise suppliers based throughout Asia as having a potential child or forced labour issue. In order to minimise these risks the Group includes in our standard contract terms a clause which covers ethical procurement to ensure that suppliers must ensure ethical business practices within their businesses.

Corporate Governance

The Group is committed to maintaining an effective system of corporate governance. The Directors believe that a functional and flexible governance framework is essential to the success of the Group by providing clarity and accountability in the achievement of the Group's objectives.

The Directors are committed to a flexible and effective system of corporate governance. Further details of the Group's corporate governance framework are set out in the Corporate Governance Statement in this Annual Report.

The Board has adopted a suite of policies designed to govern employees' behaviour whilst employed by the Group and ensure that ethical business practises are adopted in the procurement process.

People Practices

The Group is committed to the wellbeing and development of its employees. The Directors believe that the Group's employees are vital to the success of the Group.

The Group supports employee development and aims to offer competitive remuneration and benefits to assist in staff retention.

Principle 1 – Lay solid foundations for management and oversight

Board Charter

The Directors of the Group have adopted a Board Charter that sets out the respective roles and responsibilities of the Board and senior management. The primary role of the Board is to promote the long term health and prosperity of the Group and to build sustainable value for securityholders.

Specifically, the Board is responsible for:

- Setting objectives, goals and strategic direction;
- Approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
- Monitoring financial performance;
- Overseeing and approving of accounting, risk management and compliance control systems;
- Monitoring financial and other reporting;
- Appointing and removing the Chief Executive Officer and Chief Financial Officer;
- Monitoring the performance of management;
- Monitoring compliance with legal and ethical behaviour; and
- Ensuring effective communications with security holders and other stakeholders.

The Board Charter also sets out the responsibilities of the Chairperson and a comprehensive list of matters that are reserved for the Board of Directors of both the Company and the Manager. In accordance with the list of matters reserved for the Board the Board is responsible for:

- The strategic plan and annual operating and capital expenditure budgets;
- Treasury policies and risk management strategy;
- Establishment, acquisition, cessation or disposal of any division or business unit;
- Approval of financial statements and any significant changes to accounting policies;
- Dividend/distribution payments;
- Appointment and removal of auditors;
- Appointment and removal of any of the Chief Executive Officer, Chief Financial Officer or Company Secretary;
- Appointment of Managing Directors to each of the divisional subsidiaries;
- Committee charters and composition;
- Amendments to discretions delegated by the Board;
- Charitable and political donations;
- Occupational health and safety policy and environmental policy;
- Changes to the Group's capital structure including the issue of securities, options, equity instruments or other securities;
- Key public statements which relate to significant issues concerning changes to key strategy or Group policy; and
- Terms and conditions of the appointment of Directors and the Chief Executive Officer; and employee share schemes and their allocation.

The Board Charter also sets out key delegations of authority in relation to equity investments, assets acquisition and disposal, external credit limits, bonds, guarantees and other contingent liabilities.

Performance Evaluation

In accordance with the Board Charter the Directors have undertaken to formally evaluate the performance of the Chief Executive Officer on an annual basis. The purpose of the evaluation of the Chief Executive Officer is to provide the following key benefits:

- Assist the Board in meeting its duty to stakeholders in effectively leading the Group;
- Ensure the continued development of the Chief Executive Officer to more effectively conduct his role;
- Ensures a formal and documented evaluation process; and
- Leaves a record of the Board's impression of the performance of the Chief Executive Officer.

The process adopted by the Board to assess the performance of the Chief Executive Officer is as follows:

- Each Board member is requested to complete an evaluation table and provide numerical ranking against the criteria for the Chief Executive Officer's performance during the evaluation period;
- Participants are encouraged to provide commentary;
- The evaluation tables are then provided directly to the Chairman of the Board and upon review the Chairman may decide to provide an average ranking for each category; and
- Once final rankings are collated, the Chairman of the Board sits to discuss the findings with the Chief Executive Officer and agrees any specific action points to be addressed.

Principle 2 – Structure the board to add value

The Directors of the Group have set out in the Board Charter the required composition of the Board subject to any requirements under the constitutions of the Company and the Manager;

- Independent directors should comprise a majority of the Board;
- Directors appointed to the Board should provide an appropriate range of qualifications and expertise; and
- In the event that the Chairman ceases to be deemed independent, then a lead independent Director should be appointed by the Board.

Right of Access to Information

The Board may seek further information on any issue, including requesting that particular executives present information on the performance, strategy, outlook or particular assets. Each Director is required to enter into a Deed of Access, Insurance and Indemnity. In addition, each Director has direct access to the Company Secretary.

Confidentiality

All Group related information acquired by Directors during their appointment is confidential to the Group and should not be released, either during the term of the Director's appointment or following their termination without prior approval of the Board.

Conflicts of Interest

Directors should not have any business or other relationship that could materially influence or interfere with the exercise of their independent judgement apart from those declared to the Board under the Corporations Act 2001, ASX Listing Rules and other general law requirements.

Directors with a material personal interest in a matter must not be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise. Directors with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.

Right to Independent Legal Advice

Each Director shall have 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 expert will be borne by the Group, subject to the estimated costs being approved by the Chairman in advance as being reasonable.

The procedure for requesting legal advice is as follows:

- Where a Director considers that he or she may require independent advice, that Director should approach the Company Secretary for a list of current advisers. This is in order to ensure that the Director is able to select an adviser who is independent of the Group;
- The Director should advise the Chairman of the nature of and reasons for the advice being sought, the name of the professional adviser selected by the Director and the fee estimate for the advice;
- The Chairman will consider the proposal on a timely basis and if reasonable authorise the request. The Chairman must not unreasonably withhold such authorisation; and
- The Chairman may delegate the authority to authorise the payment of the professional adviser's expenses to another Director or to the Company Secretary.

Relationship with Management

The Board may delegate specific authorities to Board Committees and to management. These Committees and delegated authorities typically make decisions regarding implementation of decisions.

Induction

Upon appointment, each new Director participates in an induction programme. This includes presentations from senior management and site visits to gain an understanding of the Group's operations and procedures.

Training

Group Directors are required to keep themselves adequately informed in respect of relevant industry and regulatory issues and changes.

In order to assist Directors, each Director may participate in internal training sessions and conferences organised from time to time in respect of relevant industry and regulatory issues and may attend asset tours that are arranged from time to time.

Additional training requirements may be arranged by the Company Secretary with the Chairman's approval.

Director Independence

The Board recognises that Independent Directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

A majority of the Board are Independent Directors with the only Executive Director appointed currently being the Chief Executive Officer. The independence of the Directors is assessed annually taking into account such matters as contractual interests, significant security holdings, relationships with key advisers, suppliers and customers and any prior executive employment within the Group.

The Board has assessed the independence of each Director and concluded that none of the Directors has any material interest in securities and contracts or has relevant relationships with material advisers or suppliers/customers. The Board acknowledges that materiality thresholds will differ for each Director and for the Group as a whole. Accordingly, for the purposes of the independence assessment the Board has adopted a materiality threshold of 1% of the Group's last reported net assets.

As at 30 June 2010, Directors deemed to be independent were: Neil Balnaves, Roger Davis, Anne Keating and George Venardos.

Directors' interests in securities are set out in section (h) of the Remuneration Report.

Director, Board and Committee Evaluation

The Board Charter requires that each Director will participate in an annual performance evaluation which will be reviewed by the Chairman. The process for conducting Board and Director evaluations is similar to that adopted for the review of the Chief Executive Officer and is conducted in a confidential manner by the Chairman of the Board. The evaluations include areas such as role of the Board, composition, meeting conduct, behaviours and competencies, governance and risk, ethics and stakeholder relations.

Each committee charter adopted by the Board includes a requirement for an annual self assessment by the committee of its performance and charter. These evaluations are conducted against the existing charter and prevailing developments in the corporate governance arena.

Director Competencies

The Board has set out core competencies that should be present across the Board. Board members should have a working knowledge of finance and accounting, corporate regulation and business strategic theory. The Board aims to gather a breadth of different experience on the Board.

The Directors believe that diversity is critical to the effective functioning of the Board. To this end, the Board strives to ensure that Directors should not all be from one occupational group or even from the same industrial sector the Group operates in.

Nomination Committee

On 29 October 2009, the Directors replaced the existing Nomination Committee with a combined Remuneration and Nomination Committee. This was implemented due to the relatively infrequent need to call upon the services of the previous Nomination Committee. The charter for the combined Remuneration and Nomination Committee remains broadly similar and includes the review process for the Board and its committees and also the time commitment for Non-Executive Directors.

The combined Remuneration and Nomination Committee consists of a minimum of three members with the majority of members required to be Independent Directors. The Remuneration and Nomination Committee is specifically responsible for making recommendations to the Board in relation to the identification, assessment and enhancement of the competencies of Board members, Board and management succession plans including the appointment of suitably qualified candidates to the Board and the appointment of the Chief Executive Officer, the development of a process for the review of the performance of the Board, Board Committees and individual Directors and the assessment of the time required to fulfil the obligations of a Non-Executive Director and whether Directors are able to meet these expectations.

Selection Process

In order to provide a formal and transparent procedure whereby new appointments to the Board are selected, the Remuneration and Nomination Committee has adopted a Director selection process to be used once the Board has decided to appoint or replace a Director.

Process

- Identify the vacant position.
- Identify the core competencies of the position.
- Identify a preferred candidate background (taking into account the diversity of the Board).
- Appoint a search firm if necessary to ensure an appropriate selection of candidates.
- If a search firm is appointed, draft and deliver a brief to the search firm explaining the following:
 - Vacant position;
 - Competencies required;
 - Preferred background;
 - Essential qualifications (if any); and
 - Countries in which to extend the search.
- Interview candidates and prepare a shortlist.
- Select preferred candidates from the shortlist provided in consultation with executive management.
- Agree a preferred candidate for recommendation to the Board.

Principle 3 – Promote ethical and responsible decision-making

Ethical Conduct

The Board has adopted a suite of policies designed to govern employees' behaviour whilst employed by the Group and ensure that ethical business practices are adopted in the procurement process.

All employees are required to acknowledge that they understand and will comply with the Employee Ethical & Confidentiality Policy.

Media Relations

Employees are prohibited from communicating with or disclosing to any representative of the media, any information of any nature whatsoever relating to the Group, or its customers. Only the Chairman, Board of Directors, Chief Executive Officer and Chief Financial Officer are authorised to speak to the media on Group issues. Exceptions to this rule must have the prior approval of the Chief Executive Officer. Notwithstanding the general prohibition, the respective Chief Executive Officer of each business divisions are authorised to speak to the media on issues specific to their area of business.

Intellectual Property

All intellectual property created during an employee's employment with the Group is and remains the property of the Group.

Confidentiality

Employees are required to keep secret during and after their employment, all information obtained about the business and affairs of the Group or its customers, except as required by law.

All documents or written material provided to an employee or used in connection with the Group's business is the property of the Group and must not be removed, passed on, copied or disclosed to third parties except with the Group's authority.

Personal Gain

Employees must not misuse their position with the Group or any information received in the course of their employment to produce a personal benefit for themselves, their family, friends or any other person, or to cause a detriment to the Group. In the event of any conflict of interest, this must be disclosed to the Group.

Employees are prohibited from soliciting or accepting any gift or benefit which induces or influences the Group to enter a transaction, business opportunity or business dealing, or which might reasonably be perceived as such an inducement or influence.

Ethical Business Practices

All employees and Group suppliers must adopt the following standards:

- Suppliers should adhere to applicable laws and regulations that govern them;
- Employment should be freely chosen; there should be no forced, bonded or involuntary prison labour, employees should not be required to lodge 'deposits' or identity papers with their employer and should be free to leave their employer after reasonable notice;
- Employees should have freedom of association and the right to collective bargaining within the framework of applicable laws;
- Working conditions should be safe and healthy; applicable Occupational, Health & Safety laws and regulations must be complied with;
- Child labour should be eliminated and suppliers should conform to provisions of International Labour Organization Convention 138 and be consistent with United Nations Convention on Rights of the Child;
- Living wages should be paid and they must meet or exceed national standards. Wages must not be paid in kind and employees should be provided with written and understandable information about their employment conditions;
- Working hours should not be excessive and should comply with national laws and national benchmark industry standards;
- Discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation is prohibited;
- Regular employment should be provided and work performed must be on the basis of recognised employment relationships established through national law and practice; and
- Harsh or inhumane treatment of employees is prohibited.

The Group seeks to work collaboratively with suppliers in pursuit of these standards and attempts to guide relationships by the principle of continuous improvement. Similar ethical trading standards will be considered acceptable as a reasonable alternative where suppliers are already working towards this initiative.

The Group promotes a risk-based approach to implement these standards by focussing attention on those parts of the supply chain where risk of not meeting these standards is highest. This is supported by the provision of appropriate training and guidelines to implement these standards. Suppliers are advised that implementation of these standards may be assessed by the Group or through independent verification.

Suppliers are required to use reasonable endeavours to provide workers covered by these standards with a confidential means to report to the suppliers' failure to observe these standards.

It is expected that all suppliers will comply with the standards and the Group reserves the right not to do business with suppliers where it can be demonstrated that significant violations exists. In particular, the Group and/or its separate businesses will not bring suppliers onto its supplier list if there is evidence of under-age workers or forced, bonded or involuntary prison labour, or where the supplier's workers are found to be subjected to potential life threatening working conditions or harsh or inhumane treatment.

Whistle Blowing

The purpose of the Whistle Blowing Policy is to establish an internal reporting system for the reporting of disclosures of corrupt conduct, illegality or substantial waste of company assets by the Group or its employees.

Protected Disclosures

The Whistle Blowing Policy clearly defines what disclosures are protected and these included such disclosures that are made in accordance with the process outlined in the policy, that identify or attempt to identify corrupt conduct, illegality, or serious and substantial waste of company assets by the Group or its employees and that are made voluntarily by an employee of the Group.

Frivolous disclosures or those made solely with the motive of avoiding dismissal or other disciplinary action are not covered by the Whistle Blowing Policy. The making of a false or misleading statement when making a disclosure under the Whistle Blowing Policy constitutes gross misconduct.

Making a Disclosure

Under the Whistle Blowing Policy, disclosures are made to a nominated officer. This can be done in person, by email and either inside or outside normal working hours and locations.

Group employees are encouraged to report known or suspected incidences of corrupt conduct, illegality or substantial waste in accordance with the Whistle Blowing Policy. All Group employees must abstain from any activity that is, or could be perceived to be victimisation or harassment of persons who make disclosures. The confidentiality of persons they know or suspect to have made disclosures should be maintained.

The nominated officer is responsible for receiving, forwarding and acting upon disclosures and must take all necessary and reasonable steps to ensure that the identities of persons who make disclosures, and the subjects of disclosures, are kept confidential. The nominated officer is also responsible for supporting persons who make disclosures and protecting them from victimisation, harassment or any other form of reprisal.

External Disclosures

Disclosures to persons or bodies external to the Group will only be protected under the Whistle Blowing Policy if the person making the external disclosure has already made the same disclosure through the internal reporting system, the employee has reasonable grounds for believing that the disclosure is substantially true, the disclosure itself must be substantially true and the nominated officer has decided not to investigate the matter, has not completed the investigation within six months of the original disclosure or has not recommended any action in respect of the matter.

Liability on Disclosure

The Whistle Blowing Policy provides that a person is not subject to any liability for making a protected disclosure and no action, claim or demand may be taken or made of or against the person for making the disclosure. A person who has made a protected disclosure under the Whistle Blowing Policy is taken not to have committed any offence against any legislation which imposes a duty to maintain confidentiality with respect to any information disclosed.

Action Taken

A person who makes a disclosure under the Whistle Blowing Policy must be notified, within six months of the disclosure being made, of the action taken or proposed to be taken in respect of the disclosure.

Fraud

The Group operates a Fraud Policy designed to prevent, deter, detect and investigate all forms of fraud. For the purposes of the Fraud Policy, "fraud" is defined as the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

The Group has adopted a "zero tolerance" towards fraud and requires that all reported incidents, including internal fraud, will be thoroughly investigated with utmost confidentiality. Necessary action will be taken against any individual or group who have committed fraud and may involve disciplinary action resulting in dismissal from employment, and civil and/or criminal legal proceedings. Critical business procedures and controls are directed to maintain an effective fraud control environment to assist in fraud prevention and detection.

Any employee who suspects a fraudulent activity must notify the business Chief Executive Officer or alternatively email details to a private email address set up exclusively for this purpose.

Securities Trading Policy

The purpose of the Securities Trading Policy is to regulate trading by all Directors and employees of the Group in any securities issued or nominated by the Group. This also applies to financial products issued or created over such securities (including but not limited to warrants, options and derivatives) and entering into financing arrangements over financial products including establishment of a margin loan over such securities.

This Securities Trading Policy also applies to trading by Directors' and employees':

- Spouses;
- Children under the age of 18 years;
- Dependent children living in the family home;
- Trusts under which they or a member of their family are a trustee or beneficiary; and
- Companies which they or their family control.

General Prohibition (Insider Trading)

At all times Directors and employees are prohibited from trading in securities while in possession of unpublished price sensitive information. Price sensitive information is information which is not generally available and which a reasonable person would expect that if the information were disclosed it would have a material effect on the price of Group securities and it would therefore influence investors in deciding whether or not to buy, hold or sell securities issued by the Group.

This prohibition applies even during periods when trading windows are permitted under this policy if a person is in possession of price sensitive information. In addition to not being able to deal, the person in possession of the price sensitive information has an obligation to keep that information confidential and must not communicate it to another person unless it is information, which is required to be brought to the attention of the Company Secretary.

Specific Prohibition

All Directors and nominated employees are bound as a condition of their employment to comply with and observe the Securities Trading Policy.

Trading Windows

Provided Directors and Nominated Employees are not in possession of unpublished price sensitive information and have received written consent from the Company Secretary, or in the case of Directors of the listed company the Chairman, the times during which they are permitted to trade in securities issued by the Group are:

- Commencing 24 hours after the announcement of quarterly results until 30 days thereafter;
- Commencing 24 hours after the announcement of half yearly results until 30 days thereafter;
- Commencing 24 hours after the announcement of yearly results until 30 days thereafter; and
- Commencing 24 hours after the Annual General Meeting until 30 days thereafter.

Due to reporting timetables, some of the trading windows listed above overlap. In order to ensure all Nominated Employees are aware of their obligations, the Company Secretary issues an open reminder and a close reminder to all Nominated Employees. In addition, the Group publishes key reporting dates on the Group's website.

The Group may in its discretion vary trading windows by general announcement.

Black Out Periods

All periods outside of the trading windows are blackout periods in relation to security trading by Directors and Nominated Employees.

The Group may in its discretion nominate additional blackout periods by general announcement. These may be required where additional disclosure documents are released offering securities or as a result of certain disclosures being lodged with a stock exchange e.g. the ASX.

Discretion is vested in the Company Secretary to allow exemptions to trading during blackout periods in special circumstances only, where no price sensitive information is on hand and application of the policy would cause undue financial hardship.

No Short Term Trading

The Board encourages employees to invest in the Group and discourages short term trading. Under the terms of the Securities Trading Policy, Nominated Employees must not deal in securities for short term gain. Speculating in short term fluctuations in such securities does not promote securityholder and market confidence in the integrity of the Group. Accordingly, trading in securities issued by Group entities within six months of an acquisition is prohibited. The Group may in its discretion vary this rule in relation to a particular period by general announcement.

The Securities Trading Policy does not prevent Directors and employees from passive trading such as participating in a share plan or public offer made by the Group, provided that at the time the individual elects to participate, he or she is not in possession of any price sensitive information. Further, the individual may not subsequently vary that election until such time as they are again not in possession of such information.

Principle 4 – Safeguard integrity in financial reporting

Audit and Risk Committee

The Audit and Risk Committee (Committee) was established by the Board on 29 October 2009. The Committee consists of a minimum of three members, with the majority of members required to be Independent Directors. All members must be able to read and understand financial statements, and a majority of members must have financial expertise, that is the person must be either a qualified accountant or other financial professional with experience of financial accounting matters.

The Chief Executive Officer and the Chief Financial Officer are not members of the Audit and Risk Committee. They may be invited to attend meetings of the Audit and Risk Committee for reasons of efficiency but are not entitled to vote.

The Chairperson will be a non-executive director appointed by the Board who is not the Chairman of the Board.

Any Director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote. The Committee will meet at least twice per annum and more often if deemed necessary. Meetings may be held by electronic means as allowed under the provisions of the Corporations Act 2001.

The Committee is established by the Board of Directors to review, evaluate and make recommendations to the Board in relation to:

General Risk and Accounting

- Evaluating and monitoring the internal control environment and Group's risk management framework;
- Serving as an independent and objective party to review the financial information presented by management to securityholders, analysts and the general public;
- Overseeing and appraising the coverage and quality of the audits conducted by the Group's internal and external auditors to ensure the widest coverage possible;
- Approving and monitoring policies, procedures and content of the Group's statutory and management reporting;
- Evaluating and monitoring the Group's fraud management policies and exposures; and
- Monitoring the Group's various disclosure obligations.

Risk and Internal Control Environment

- Assessing the overall effectiveness of the Group's risk management, internal control and compliance systems;
- Evaluating the current "control culture" of the Group and the underlying consistency, direction and communication to employees of appropriate risk policies therein;
- Reviewing existing disaster recovery plans;
- Identifying key risks within the organisation and building appropriate risk management controls and policies to minimise the impact and likelihood of same; and
- Ensuring adequate resources are allocated to assist management and the Board in implementing an appropriate internal risk culture and discipline.

Financial Reporting

- Considering the appropriateness of the Group's accounting policies and principles and how those principles are applied;
- Reviewing and assessing existing management processes so as to ensure compliance with applicable laws, regulations and accounting standards;
- Ensuring that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed in advance with the external auditor;
- Reviewing the underlying quality and accuracy of the financial reports from the internal and external auditors and making recommendations to the Board on their approval or amendment;
- Evaluating the adequacy and effectiveness of the Group's administrative, operating and accounting policies through communication with management, internal auditors and external auditors;
- Evaluating and monitoring the adequacy of the Group's monthly management and operational reporting; and
- Reviewing and evaluating appropriate disclosures from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Group's financial reporting process.

Internal Audit

- Making recommendations to the Board on the appointment, and where necessary the removal of the internal auditor;
- Reviewing the role, function and performance of the internal auditor, and management's response to the internal auditor's recommendations; and
- Reviewing the resources of the internal audit function and ensuring no unjustified restrictions or limitations are imposed.

External Audit

- Making recommendations to the Board on the appointment, and where necessary the removal, of the external auditor;
- Reviewing annually the external auditor's procedures for independence together with any relationships or services, which may impair the external auditor's independence;
- Reviewing the fees and terms of engagement of the external auditor, including the proposed audit scope;
- Ensuring there is appropriate communication and coordination between the internal and external auditors on risks, risks policies and audit results;
- Reviewing all financial reports and management representation letters and recommending them to the Board as complete and appropriate; and
- Reviewing annually the performance of the internal auditor and based on the results of the annual assessment of the external audit services, determine whether the external audit services should be re-tendered.

Compliance

- The Committee will authorise the Group's compliance framework and will assess the effectiveness of the compliance framework; and
- Management will provide information relating to the Group's compliance framework to the Committee to allow the Committee to ensure that a proper process is in place for continuous reporting to the ASX.

Right to Obtain Information

The Committee is entitled to consult with expert advisers and seek expert advice where it considers it necessary to carry out its duties at the expense of the Group.

The Committee will have a right of access to internal and external auditors and senior management. The Committee will also meet separately with the internal and external auditors at least annually or as otherwise required.

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure Policy

In order to regulate the continuous disclosure regime across the Group in relation to any securities issued by the Group the Board has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy aims to ensure that the Group complies with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange (ASX) Listing Rules. The successful operation of the Group's continuous disclosure regime promotes investor confidence by providing full and timely information to the market about the activities of the Group and serves to educate all relevant Group personnel on what continuous disclosure is, and how they can ensure they meet their individual responsibilities.

Commitment to Continuous Disclosure

Subject to the exceptions contained in the ASX Listing Rules, the Group will immediately notify the market of any information or matter related to the businesses or financial condition of the Group which a reasonable person would expect to have a material effect on the price or value of its securities. Such notifications will be made by way of an announcement to the ASX.

Reporting of Disclosable Information

Directors and employees must ensure that any information which may require disclosure, is reported to the Company Secretary or his/her nominee as soon as it is known. The Company Secretary will then determine whether any item of information is to be disclosed to the ASX. Where the Company Secretary decides that information reported does not warrant an ASX release and the Director or employee who reported the information disagrees with that decision, they may choose to refer the matter to the Chief Executive Officer.

ASX Announcement Approval

If the Company Secretary determines that an item of information is to be disclosed to the ASX, then the draft of the ASX announcement must be approved either verbally or in writing, by the Chief Executive Officer prior to release. ASX announcements deemed to contain price sensitive information must be circulated to the Board for comment prior to release.

Release of Information

Price sensitive information must not be released externally until it has first been lodged with the ASX and the ASX has acknowledged that the information has been released to the market. That is, selective disclosure of such information cannot be made to brokers, analysts, the media, professional bodies or any other person until the information has been given to (and released by) the ASX. This includes information that is subject to embargo as the ASX does not accept embargoed information.

In the event that at an analyst or media briefing an inadvertent disclosure is made which is price sensitive, then that information must be immediately made available to the market through the ASX.

Analyst and Media Briefings

All material to be presented at an analyst briefing must be approved by or referred through the Company Secretary prior to the briefing.

Trading Halts

The Company Secretary may, with the approval of the Chairman and the Chief Executive Officer, or failing whom, the Chief Executive Officer and any other Non-Executive Director, or failing whom any two Non-Executive Directors, request the ASX to halt trading in the securities.

Training and Development

The Continuous Disclosure Policy requires that relevant employees undergo training with respect to disclosure requirements.

Board Procedures

The Board must consider and minute at each full Board meeting whether there are any matters requiring disclosure. If no matters require disclosure, this must also be explicitly included in the minutes.

Guidance for Employees

The Board has approved summary guidance designed to assist all employees in meeting their reporting obligations under the Continuous Disclosure Policy. This guidance sets out financial and qualitative materiality thresholds and provides answers to common questions in relation to press speculation and third party announcements.

Financial Materiality Thresholds

Any variation of 10% or more from previously released full year financial forecasts or market consensus forecasts may be considered to be material and is likely to require immediate disclosure to the market.

In circumstances where a final contract has not been signed but an announcement may be required, consideration is to be given as to whether these limits should apply or be varied.

Where new projects have components from various Group divisions the aggregate contribution to profit of the project should be considered and if over 5% of Group forecast, should be deemed financially material.

Qualitative Materiality Thresholds

Any other matters that are potentially market sensitive should be referred to the Company Secretary for consideration. Examples would include:

- Changes at a senior management level;
- A change in accounting policy; and
- An agreement between the Group and a Director (or related party of the Director).

Announcements in Response to a Third Party

In accordance with the Continuous Disclosure Policy and specifically requirements to avoid a false market in the Group's securities, the Group has adopted differing approaches in relation to third party announcements. If the third party is an ASX listed entity, then the Group will consider issuing a release to ensure the accuracy of the information provided to market. It is however, acknowledged that third party releases on the ASX are automatically tagged to the AAD symbol if they affect the Group.

Press releases issued by a non-listed third party entity should not cause the Group to issue an ASX release unless it would have done so under the materiality thresholds.

Speculation in the press should only cause the Group to issue an ASX announcement if it would have done so under the materiality thresholds listed above or the press speculation is misleading and may be seen to result in a false market of AAD securities.

The Group may issue an ASX release in response to press speculation if requested by the ASX regardless of the level of materiality.

Media Releases

Releases, interviews and other communications to the media may be undertaken so long as they do not contain or refer to price sensitive transactions and do not fall within the Group's materiality thresholds. Any discussions or presentation to third parties should only be undertaken post release to the ASX of the subject matter if they include material information.

Website

All releases whether material or not are required to be posted to the Group website for access by securityholders and other interested parties.

Principle 6 – Respect the rights of shareholders

Investor Communications

The Group has adopted a specific investor communications policy for securityholders and believes that a flexible approach to investor communications and early adoption of emerging technology is the most effective manner of increasing securityholder participation in the business of the Group.

Throughout the year, the Group follows a calendar of regular disclosures to the market on its financial and operational results. An indicative calendar of events is made available to investors on the Group's website at www.ardentleisure.com.

In accordance with the Group's Continuous Disclosure Policy, the Group must ensure it does not communicate inside information to an external party except where that information has previously been disclosed to the market generally.

As soon as is practicable, all Group announcements and copies of analyst and media briefings are posted to the Group's website. Other information of relevance to securityholders is also made available on the website, including half yearly and annual financial reports, key dates, distribution history, cost base allocations, management fee breakdowns and the managed investment trust notices.

The website also contains a link to the Group's security registrar and a live feed from the ASX for the Group's security price information.

Investors Reports

The Group prepares annual reports for investors for each half year for the period ending 31 December and financial year ending 30 June. These reports are posted on the website on their day of release to the ASX. Investors may elect to receive a hard-copy of these reports or an email notification once they become available on the website. The default option for receiving the annual report is via the Group's website at www.ardentleisure.com.

General Meetings

The Group holds an Annual General Meeting (AGM) in October or November each year. The date, time and venue of the AGM are notified to the ASX when the financial reports are lodged, generally in August each year. The Board aims to choose a date, venue and time considered convenient to the greatest number of investors.

All notices of meetings will be accompanied by clear explanatory notes on the items of business. A copy of any such Notice of Meeting will be placed on the Group's website. Should an investor not be able to attend a general meeting they are able to vote on the resolutions by appointing a proxy. The proxy form included with the notice of meeting will clearly explain how the proxy form is to be completed and submitted.

The Board will request the auditor to attend each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditors Report.

Investor benefits program

Investors with 2,000 or more stapled securities are entitled to participate in an investor benefits program. The program aims to provide qualifying securityholders with an opportunity to experience some of the assets owned by the Group at discounted rates.

Principle 7 – Recognise and manage risk

Safety, Sustainability & Environment Committee

In addition to the Audit and Risk Committee detailed in Principle 4, the Board has established a Safety, Sustainability and Environment Committee (SSE Committee). The SSE Committee was established to monitor, review, evaluate and make recommendations to the Board in relation to OH&S, sustainability and the environment.

The SSE Committee monitors the effectiveness of the Group's OH&S policies and the operational risk management framework including drafting, implementing, monitoring and recommending improvements. The SSE Committee also reviews the adequacy of existing OH&S resources as well as current and possible future regulation.

Periodic internal and external reviews of OH&S and operational risks are undertaken and the results discussed with management. These reviews include the process for identification and assessment of OH&S risks and the adequacy of existing risk management systems.

In the field of sustainability and the environment, the SSE Committee reviews the Group's policies, procedures and reporting in relation to sustainability and monitors the adequacy of resources applied to sustainability as well as existing and possible future regulations. The SSE Committee does not address matters associated with financial or monetary risk associated with internal financial controls.

Risk Management Framework

The risk management framework for the Group requires an annual review by management and the Board. These reviews ensure that the risk management framework continues to be a pro-active tool across the Group.

Scope of Risks Considered

The risk management review covers five key business risks:

Key business risk	Risk categories
Enterprise	Continuity, Control, Cost, Culture, Efficiency, Insurance, Knowledge, Legal & Regulatory, Performance, Privacy, Resourcing, Strategic Planning, Strategic Execution, Succession
Fraud/Error	Cash, Brand/Trademark, Consumables & Trading Stock, Procurement, Defamatory, Financial Statements, Furniture & Fittings, Hardware, Information Systems, Information & Knowledge, Job, Management Reporting, Payroll, Personal Property, Software, Office Supplies, Company Income Tax, GST, FBT, PAYG, Payroll Tax, Web
Business Management	Framework Awareness, Change, Confidentiality, Contract, Culture, Detection, Documentation, Escalation, Interpretation, Reporting, Resourcing, Responsibility
Board Secretarial	Admission, Conflict, Documentation, Duties, Governance, Legal, Regulatory, Resolution.
Environmental & Safety Management	Contamination, Media/Publicity, Employee Safety, Guest & Contractor Safety

Risk Assessment Methodology

The risk assessment methodology adopted for these reviews includes a three step process. Firstly, the inherent risk for each risk category is determined by evaluating likelihood and consequence of the risk based on the current and existing processes. Risks are evaluated and ultimately allocated to one of four distinct categories of Extreme, High, and Moderate and Low. Secondly, the effectiveness of existing risk controls is reviewed and a ranking determined on a scale of Good, Fair or Poor. Finally, after the controls have been assessed the residual risk factors are derived into three categories of High, Medium and Low, by merging the inherent risk rating and the effectiveness of the controls rating.

Chief Executive Officer and Chief Financial Officer Declarations

The Board has received confirmation from both the Chief Executive Officer and Chief Financial Officer that their declarations made in accordance with section 295A of the Corporations Act 2001 were based upon sound system of risk management and internal control and further that the system is operating effectively in all material respects in relation to financial reporting risk.

Principle 8 – Remunerate fairly and responsibly

Remuneration and Nomination Committee

On 29 October 2009, the Directors replaced the existing Remuneration Committee with a combined Remuneration and Nomination Committee. This was implemented due to the relatively infrequent need to call upon the Nomination Committee. The revised Remuneration and Nomination Committee charter retains broadly the same items as the previous version.

The combined Remuneration and Nomination Committee consists of a minimum of three members, with the majority of members required to be independent directors.

The Remuneration and Nomination Committee is specifically responsible for making recommendations to the Board in relation to setting policies for remuneration programs appropriate to the Group and remuneration and incentive schemes of senior management, reviewing the performance of the Chief Executive Officer on an annual basis, setting the Group's recruitment, retention and termination policies and procedures for senior management, superannuation, the remuneration framework for directors and the approval of any report on executive remuneration, which is required pursuant to any ASX Listing Rule or legislative requirement or which is proposed for inclusion in the annual report.

Further details of the Group's remuneration policies are set out in the Remuneration Report on pages 25 to 37.

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Directors' report to stapled security holders

The Directors of Ardent Leisure Management Limited (formerly known as Macquarie Leisure Management Limited) (Manager), (as responsible entity of Ardent Leisure Trust) and the Directors of Ardent Leisure Limited present their report for Ardent Leisure Group (Group) (formerly known as Macquarie Leisure Trust Group) for the year ended 30 June 2010. The Group comprises:

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

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

1 Directors

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

Neil Balnaves, AO (Chairman)
Anne Keating
Roger Davis (appointed 1 September 2009)
George Venardos (appointed 22 September 2009)
Greg Shaw (appointed 22 September 2009)
George Bennett (resigned 28 February 2010)
John Wright (resigned 1 September 2009)
Simon Jones (resigned 1 September 2009).

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

Neil Balnaves, AO (Chairman)
Anne Keating
Roger Davis
George Venardos (appointed 22 September 2009)
Greg Shaw (appointed 22 September 2009)
George Bennett (appointed 1 September 2009 and resigned 28 February 2010)
John Wright (resigned 1 September 2009).

2 Principal activities

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

3 Distributions

The distribution of income for the year ended 30 June 2010 was 10.75 cents (2009: 14.3 cents) per stapled security which was paid by the Trust. An interim distribution of 6.5 cents (2009: 6.5 cents) per stapled security was paid in February 2010. A final distribution for the year ended 30 June 2010 of 4.25 cents (2009: 7.8 cents) per stapled security will be paid in August 2010. A provision has not been recognised in the financial statements at 30 June 2010 as the distribution had not been declared at the reporting date.

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

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

	Segment Revenues 2010 \$'000	Segment Revenues 2009 \$'000	Segment EBIT* 2010 \$'000	Segment EBIT* 2009 \$'000
Theme Parks	98,617	103,589	26,576	32,339
Marinas	22,684	22,727	8,856	8,532
Bowling centres	102,015	106,072	8,358	14,808
Family entertainment centres	51,978	62,894	4,969	7,524
Health clubs	73,385	69,356	9,040	10,664
Other	1,721	1,367	(903)	(2,027)
Total	350,400	366,005	56,896	71,840
Other expenses			(22,866)	(58,175)
Borrowing costs			(16,942)	(17,914)
Net tax benefit			749	1,975
			17,837	(2,274)
Finance benefit attributable to non-controlling interest holders			1,223	1,478
Profit/(loss)			19,060	(796)
Core earnings			34,475	45,246

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

Revenue from operating activities has decreased by \$15.6 million, mainly due to the following factors:

- Revenue from the Theme Parks has decreased by \$5.0 million. This is mainly due to a 13.1% decline in per capita spend offset by a 9.6% increase in attendance. During the period, the Group acquired QDeck which is an observation deck in Surfers Paradise, Queensland;
- Revenue from the Bowling division has declined by \$4.1 million;
- Revenue from family entertainment centres has declined \$10.9 million. This is mainly due to movements in foreign exchange rates as US\$ revenue has only decreased by US\$0.7 million to US\$45.7 million; and
- Revenue from the Health clubs division increased by \$4.0 million, driven by recently opened clubs reaching maturity and the acquisition of a portfolio of seven health clubs in Western Australia (Zest WA) on 12 April 2010.

Profit attributable to stapled security holders for the period increased by \$19.9 million, mainly due to the following factors:

- Due to revenue factors outlined above, divisional EBIT declined by \$14.9 million;
- Revaluations on investment properties, being the seven marinas and the excess land at Dreamworld, of \$3.3 million in the current year compared to a devaluation of \$26.8 million in the prior year;
- Movements in USD:AUD foreign exchange rates and USD and AUD interest rates led to a \$0.3 million unrealised gain on derivatives at 30 June 2010 compared to a loss of \$7.3 million in the prior year;

- \$8.5 million impairment of goodwill was recorded in the current period compared to \$1.3 million in the prior year. The impairment in the current year relates to an impairment in the intangible asset recognised on acquisition of the Manager (see Note 32);
- In the prior period, a loss before tax of \$3 million was recorded on the write-off of costs on aborted development projects primarily in the United States;
- A gain of \$1.5 million was recorded in the current year due to the sale and leaseback of a number of AMF freehold properties;
- A change in the accounting standards on 1 July 2009 requires acquisition costs to be expensed rather than capitalised as part of goodwill. The Group incurred \$2.5 million of acquisition costs associated with the internalisation of the Manager and the acquisition of QDeck, Zest WA and Playtime during the year;
- In the current year, the Group opened three new bowling centres. In the prior year, the Group opened three health clubs, two bowling centres and a family entertainment centre. This has resulted in pre-opening expenses reducing by \$1.3 million; and
- Borrowing costs decreased by \$1.0 million to \$16.9 million.

Core earnings (as defined in Note 11 to the financial statements) represents the earnings of the Group after adding back unrealised items such as the performance fee, unrealised gains or losses on derivatives, unrealised property valuation gains and losses and one off capital items. Core earnings have decreased by \$10.8 million, 23.8% to \$34.5 million.

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

On 2 July 2009, the Group raised \$41.7 million of equity at a stapled security price of \$1.15 via an institutional placement and on 7 August 2009, the Group raised a further \$25.0 million of equity at \$1.15 via a security purchase plan to retail investors. The proceeds of these capital raisings and the net proceeds of \$26.1 million from the sale of AMF freehold properties have been used to reduce net debt by \$59.4 million and to fund the internalisation of the Manager, the acquisition of QDeck and new bowling centre developments. The acquisition of QDeck and the new bowling centre developments have been accretive to the Group's earnings.

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

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

On 12 April 2010, the Group acquired seven health clubs in Western Australia from Zest Health Clubs Limited for \$4.2 million. Consideration was \$1 million in cash with the rest payable in stapled securities of the Group at an issue price of \$1.66 per security.

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

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

As a result, the Group is ideally positioned to benefit when market conditions improve.

In the short term, the management team will remain focussed on hands-on management to maintain operating margins and seek to introduce incremental revenue streams.

5 Value of assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Value of total assets	696,979	745,092	631,442	670,954
Value of net assets	423,701	409,918	422,586	403,690

The value of the Group's assets is derived using the basis set out in Note 1 to the financial statements. The decline in total assets has mainly been driven by the reduction in Dreamworld's valuation from \$285 million at 30 June 2009 to \$235 million at 30 June 2010.

6 Interests in the Group

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

	Consolidated 2010	Consolidated 2009
Stapled securities on issue at the beginning of the year	241,064,789	230,827,761
Stapled securities issued	67,519,096	9,798,411
Stapled securities sold as part of ALL's executive securities plan	184,423	438,617
Stapled securities on issue at the end of the year	308,768,308	241,064,789

7 Information on current Directors

Neil Balnaves, AO

Chairman

Appointed: Ardent Leisure Management Limited – 26 October 2001. Ardent Leisure Limited – 28 April 2003
Age: 66

Neil Balnaves was appointed as Chairman of the Group in 2001. Neil has worked in the entertainment and media industries for over 45 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. In 2010, Neil was appointed an Officer of the Order of Australia for his services to business and philanthropy.

Neil is non-executive Chairman of the Group, Chairman of the Remuneration and Nomination Committee and is a member of the Audit & Risk Committee.

Former listed directorships in last three years:
Southern Cross Broadcasting (Australia) Limited

Interest in stapled securities
209,043

Anne Keating

Director

Appointed:
Ardent Leisure Management Limited – 30 March 1998.
Ardent Leisure Limited – 28 April 2003
Age: 56

Anne Keating was appointed a Director of Ardent Leisure Management Limited in 1998. Ms Keating is currently a Director of STW Communications Group Limited, Goodman Group and is a member of the Advisory Council of Royal Bank of Scotland (Australia). Anne is also a Director of the Garvan Institute of Medical Research, a Trustee of the Centennial Parklands and Moore Park Trust and a Governor of the Cerebral Palsy Foundation.

Anne's former directorships include Insurance Australia Group Limited, NRMA, the WorkCover Authority of NSW, the Tourism Task Force, Spencer Street Station Redevelopment Holdings Limited and the Victor Chang Cardiac Research Institute. Ms Keating was the General Manager of Australia for United Airlines from 1993 to 2001.

Anne is a member of the Group's Remuneration and Nomination Committee.

Former listed directorships in last three years:
None

Interest in stapled securities
62,743

7 Information on current Directors (continued)

Roger Davis

Director

Appointed: Ardent Leisure Management Limited –
1 September 2009. Ardent Leisure Limited –28 May 2008
Age: 58

Roger Davis was appointed a Director of ALL in 2008. Roger brings over 25 years experience in banking and investment banking in Australia, the US and Japan to the Board. Roger is a consulting director at Rothschild (Australia) Limited and holds directorships at Aristocrat Leisure Limited, The Trust Company Limited and Chartis Australia Insurance Limited. He is also a Director of Charter Hall Office Management Limited, manager for Charter Hall Office REIT, 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.

Roger's former directorships include the chairmanship of Esanda, along with directorships of ANZ (New Zealand) Limited, Magellan Financial Group Ltd and Citicorp Securities Inc. in the United States.

Roger holds a BEc (Hons) from The University of Sydney and an MPhil from the University of Oxford.

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

Former listed directorships in last three years:

None

Interest in stapled securities

20,000

George Venardos

Director

Appointed: Ardent Leisure Management Limited
– 22 September 2009. Ardent Leisure Limited –
22 September 2009
Age: 52

George Venardos was appointed a Director of both ALL and the Manager in September 2009 and brings extensive financial management experience to the Board derived from his previous roles. George was Chief Financial Officer of Insurance Australia Group from 1998 to 2008 and currently holds non-executive directorships with Guild Group Holdings Ltd, Bluglass Ltd, IOOF Ltd and Miclyn Offshore Express Limited.

George is a Fellow of The Institute of Chartered Accountants of Australia and holds a commerce degree from the University of New South Wales.

George is Chairman of the Audit & Risk Committee and is also a member of the Safety, Sustainability & Environment Committee.

Former listed directorships in last three years:

Australian Wealth Management Ltd
IAG Finance (New Zealand) Ltd

Interest in stapled securities

45,502

Greg Shaw

Managing Director and Chief Executive Officer

Appointed: Ardent Leisure Management Limited
– 22 September 2009. Ardent Leisure Limited –
22 September 2009
Age: 51

Greg Shaw was appointed a Director in September 2009 following the completion of the internalisation of the Manager. Greg is the Chief Executive Officer of the Group and was appointed to this role in 2002. Prior to joining the Group, Greg was the Managing Director of Port Douglas Reef Resorts Limited, a major resort owner and property development group. In this role, Greg was awarded the Australian Chartered Accountant in Business Award. Greg qualified as a Chartered Accountant in 1983.

Greg is a member of the Safety, Sustainability & Environment Committee.

Former listed directorships in last three years:

None

Interest in stapled securities

143,294

8 Meetings of Directors

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

	Meetings of Committees							
	Full meetings of Directors		Audit and Risk		Remuneration and Nomination		Safety, Sustainability and Environment	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Neil Balnaves, AO	14	11	4	3	4	4	—	—
Anne Keating	14	14	1	1	4	4	—	—
Roger Davis	8	6	4	4	3	3	5	5
George Venardos	7	6	3	3	—	—	4	4
Greg Shaw	7	7	—	—	—	—	5	5
George Bennett	10	10	3	3	—	—	—	—
John Wright	6	6	—	—	—	—	1	1
Simon Jones	6	4	—	—	—	—	—	—

9 Company Secretary

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

Alan has over ten years of experience as a Company Secretary and prior to joining the Group, held positions at Brookfield Multiplex Limited and Orange S.A., the mobile telecommunications subsidiary of France Telecom S.A. Alan holds a degree in business studies and is an Associate Member of the Institute of Chartered Secretaries and Administrators.

Kara Nicholls resigned as Company Secretary on 2 July 2009. Douglas Hunt was appointed as Company Secretary on 2 July 2009 and resigned on 1 September 2009.

10 Remuneration report

Due to its Corporate structure, the Group is not required to present a remuneration report under the Corporations Act 2001. The Group voluntarily discloses the unaudited details of senior executive remuneration. The Manager and the Directors of ALL present the remuneration report for the Group for the year ended 30 June 2010.

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

- Key remuneration objectives;
- Remuneration framework and strategy;
- Details of remuneration – key management personnel;
- Details of remuneration – group executives;
- Service agreements of key management personnel;
- Executive securities plan (ESP);
- Long term incentive plan (LTI); and
- Additional information.

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

a) Key remuneration objectives

As part of the internalisation of the Manager approved by securityholders on 27 August 2009 the Directors placed an important focus on establishing an appropriate remuneration structure for executives transferring to the Group from Macquarie Group Limited (Macquarie).

In order to adequately remunerate both the Chief Executive Officer and Chief Financial Officer in view of the new Group structure and their transition from Macquarie, the Directors engaged Ernst & Young as external consultants to undertake a market assessment of their proposed remuneration packages. The contractual remuneration negotiated with the Chief Executive Officer and Chief Financial Officer were included for securityholder reference in the notice of meeting for the 27 August 2009 combined general meetings and are set out below.

Position	Base salary	Short term incentive (STI)	Long term incentive (LTI)	Total target remuneration
Chief Executive Officer	\$750,000	50%	50%	\$1,500,000
Chief Financial Officer	\$400,000	50%	50%	\$800,000

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

10 Remuneration report (continued)

b) Remuneration framework and strategy

The objective of the Group's executive framework is to attract and retain high quality executives by ensuring that executive remuneration is competitive with prevailing employment market conditions and sufficiently aligned to the Group's results. The framework seeks to align executive reward with the achievement of strategic objectives and in particular, the creation of sustainable value for the Group's securityholders. In addition, the Board seeks to have reference to market best practice to ensure that executive remuneration remains:

- Market competitive;
- Reasonable and aligned to performance; and
- Transparent to our Stakeholders.

i) Non-Executive Directors

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

Non-Executive Directors are paid solely by the way of directors' fees and do not participate in any equity or short term cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board.

The maximum aggregate of directors' fees payable to Directors of the Group is set out in clause 16.1 of the Constitution of ALL. The maximum total aggregate level of directors' fees payable by the Group is \$740,000 per annum and was set by securityholders at the 29 October 2009 general meeting.

In 2009, the Board approved a simplified structure for calculating directors' fees. The simplified fee structure takes into account individual Directors' duties and service and was applied from 1 September 2009.

Position	Annual fee
Chairman	\$175,000
Other Non-Executive Director	\$110,000
Audit & Risk Committee – Chair	\$20,000
– Member	\$15,000
Other Board Committee membership	\$7,500

ii) Executive pay

The executive pay and reward framework has three components:

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

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

Base pay	Performance incentives	
	Short term	Long term
A total employment cost which can be made up of a mix of cash salary, non-financial benefits such as provision of a motor vehicle and employer superannuation contributions.	Cash-based performance bonus set against pre-determined key performance indicators.	Security-based incentive aligned to targeted securityholder returns.
SECURE	AT RISK	AT RISK

10 Remuneration report (continued)

Base pay

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

Performance incentives

Performance incentives may take the form of either STI or LTI.

STI

The STI or bonus programme is designed to reward executives for achievement of a number of key performance indicators (KPIs). These KPIs are usually based on Group, individual business and personal objectives and are not all necessarily financial in nature. Elements of risk mitigation, compliance and strategic initiatives can all be taken into account when setting an executive's KPIs. If an executive achieves their KPIs and should the Group or relevant division achieve a pre-determined profit target, then cash bonuses are awarded by the Remuneration and Nomination Committee. These bonuses are traditionally payable in cash by 30 September each year. Using a profit target ensures variable award is only available when value has been created for securityholders and when profit is consistent with the Group's business plan.

Maximum achievable awards to key management personnel under the STI range between 25% and 50% of an executive's base salary (including superannuation) dependent upon the executive's position.

LTI

The long term incentive plan (LTIP) was established by the Board of Directors in 2009 to replace the Executive Securities Plan and to take into account changes to the Australian taxation regime in relation to employee share plans. Awards of Performance Rights under the LTI range between 10% and 50% of an executive's base salary (including superannuation) dependent upon the executive's role. Further details of the LTI are set out in section (g) below.

Under the terms of both the ESP and LTIP, participants are not permitted to take out contracts which serve to de-risk their awards.

Alignment with securityholder interests

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

In the 2010 financial year, executive KPIs were set to drive divisional revenue with challenging targets set taking into account the fluctuating economic environment. In this way, the STI targets are used to align executives' remuneration with short term profitability while also incorporating other longer term goals such as safety and operational efficiencies.

The new LTIP further aligns executives' remuneration with long term securityholder returns through the adoption of the total shareholder return performance hurdle. In this way, the LTI provides a direct link between executive reward and securityholder return and offers no benefit to individual executives unless the Group's performance exceeds the 50th percentile of the benchmark ASX Small Industrials index.

c) Details of remuneration – 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 Group. Prior to the internalisation of the Manager of 1 September 2009, the Manager and the Directors of ALL met the definition of KMP as they had this authority in relation to the activities of the Group. These powers had not been delegated by the Manager or the Directors of ALL to any other person. The management fee paid to the Manager is disclosed in Note 7 of the financial statements.

Subsequent to the Group internalisation of the Manager, the definition of KMP has been reviewed. For the year ended 30 June 2010, KMP is considered to also include the Chief Executive Officer, Greg Shaw, the Chief Financial Officer, Richard Johnson, as well as other senior executives employed by the Group. The top five highest paid Group executives are included in the definition of KMP.

Details of the remuneration of KMP of the Group for 2010 and 2009 are set out in the tables on the following pages. The tables set out the total cash benefits paid to the KMP in the relevant period and under the heading "security-based payments", shows a component of the fair value of the performance rights. The fair value of the performance rights at grant date is recognised over the vesting period as an employee expense. Further details of the fair value calculations are set out in sections (f) and (g).

Directors' Report to Stapled Security Holders

10 Remuneration report (continued)

2010	Short-term benefits		Post-employment benefits		Other long-term benefits			Total cash payment	Security-based payment	Total	Security-based payment % of total
	Salary	Cash bonus	Super-annuation	Retirement	Retention	Other	Termination				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Executive Directors</i>											
Greg Shaw ⁽¹⁾											
Chief Executive Officer	580,264	—	44,736	—	—	—	—	625,000	120,600	745,600	16.2%
John Wright ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Simon Jones ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—
<i>Independent Directors</i>											
Neil Balnaves	174,302	—	15,906	—	—	—	—	190,208	—	190,208	—
Anne Keating	104,745	—	12,130	—	—	—	—	116,875	—	116,875	—
Roger Davis	133,965	—	12,285	—	—	—	—	146,250	—	146,250	—
George Venardos ⁽⁴⁾	98,006	—	8,821	—	—	—	—	106,827	—	106,827	—
George Bennett ⁽⁵⁾	68,333	—	—	—	—	—	—	68,333	—	68,333	—
<i>Key Management Personnel</i>											
Richard Johnson ⁽⁶⁾											
Chief Financial Officer	314,232	—	19,101	—	—	—	—	333,333	64,320	397,653	16.2%
Noel Dempsey ⁽⁷⁾											
CEO – Theme Parks	320,539	82,468	14,461	—	—	—	—	417,468	26,934	444,402	6.1%
Roy Menachemson ⁽⁷⁾											
CEO – Development	277,739	148,750	72,261	—	—	15,000	—	513,750	25,215	538,965	4.7%
Jordan Rodgers ⁽⁷⁾											
CEO – Bowling	300,539	78,750	13,256	—	—	—	—	392,545	36,081	428,626	8.4%
Leon McNiece ^(7,8)											
CEO – Health Clubs	304,291	49,350	13,256	—	—	—	—	366,897	(43,761)	323,136	-13.5%
Greg Oliver ^(7,9)											
CEO – Health Clubs	21,434	—	1,205	—	—	—	—	22,639	—	22,639	—
Charlie Keegan ⁽⁷⁾											
CEO – Main Event	293,558	59,425	—	860	—	—	—	353,843	6,124	359,967	1.7%
Craig Karpin ⁽⁷⁾											
CEO – Marinas	183,556	41,925	26,384	—	—	—	—	251,865	13,507	265,372	5.1%
	3,175,503	460,668	253,802	860	—	15,000	—	3,905,833	249,020	4,154,853	6.0%

10 Remuneration report (continued)

	Short-term benefits		Post-employment benefits		Other long-term benefits			Total cash payment	Security-based payment	Total
	Salary	Cash bonus	Super-annuation	Retirement	Retention	Other	Termination			
2009	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors</i>										
John Wright ⁽²⁾	—	—	—	—	—	—	—	—	—	—
Simon Jones ⁽³⁾	—	—	—	—	—	—	—	—	—	—
<i>Independent Directors</i>										
Neil Balnaves	169,725	—	15,275	—	—	—	—	185,000	—	185,000
Anne Keating	133,028	—	11,972	—	—	—	—	145,000	—	145,000
Roger Davis	58,945	—	99,055	—	—	—	—	158,000	—	158,000
George Bennett ⁽⁵⁾	39,450	—	3,550	—	—	—	—	43,000	—	43,000
	401,148	—	129,852	—	—	—	—	531,000	—	531,000

- ⁽¹⁾ Appointed a Director on 22 September 2009. Prior to 1 September 2009, Greg Shaw was employed by Macquarie and so remuneration paid prior to this date is not included in the table above as it was payable by Macquarie. Stapled security benefits have been accrued based on anticipated benefits issued in the year ended 30 June 2010 but the grant of performance rights is still subject to securityholder approval in accordance with ASX listing rules;
- ⁽²⁾ Employed by Macquarie and none of his salary was recharged to the Group. John Wright resigned a Director of the Manager and ALL on 1 September 2009;
- ⁽³⁾ Employed by Macquarie and none of his salary was recharged to the Group. Simon Jones resigned a Director of the Manager on 1 September 2009;
- ⁽⁴⁾ Appointed a Director on 22 September 2009;
- ⁽⁵⁾ Resigned as a Director on 28 February 2010;
- ⁽⁶⁾ Prior to 1 September 2009, Richard Johnson was employed by Macquarie Group Limited and so remuneration paid prior to this date is not included in the table above as it was payable by Macquarie;
- ⁽⁷⁾ Not considered KMP prior to 1 July 2009 for the reasons described above;
- ⁽⁸⁾ Leon McNiece resigned on 6 June 2010; and
- ⁽⁹⁾ Greg Oliver joined the Group as CEO of the Health Club division on 7 June 2010 and is considered KMP from this date.

Prior to 1 September 2009, the Manager was a wholly owned subsidiary of Macquarie Group Limited and therefore directors' fees charged to the Manager prior to this date were payable by Macquarie and so are not included in the table above. The remuneration for Neil Balnaves, George Bennett and Anne Keating excludes \$24,617 (2009: \$178,000) for directors' fees paid or payable by the Manager and not recharged to the Group. The remuneration for Neil Balnaves, George Bennett and Anne Keating includes \$16,666 (2009: \$100,000) for compliance fees and Audit & Risk Committee fees incurred before the internalisation and paid by the Manager to the Independent Directors. These fees are not included in the Directors' fees pool mentioned in section 10(b) (ii) of the Directors' report as these fees were not paid by ALL or its subsidiaries.

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

Security based payments included in the tables above reflect the amounts in the Income Statements of the Group. This amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting date or at year-end for those instruments not yet vested. During the year, no plan securities or performance rights vested (2009: nil) to KMP. If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in KMP compensation would be reduced by \$138,000 to \$111,000.

10 Remuneration report (continued)

d) Details of remuneration – group executives

Group executives are defined in section 300A of the Corporations Act 2001. For the year ended 30 June 2010, KMP and group executives are considered to be the same. Due to the change in definition of KMP from 1 July 2009, KMP did not include all group executives for the year ended 30 June 2009.

For the year ended 30 June 2009, as well as the directors listed above in section (c) of the remuneration report, the management listed below were also considered group executives as they are directors of subsidiaries of ALL and remunerated by the entity they are director of. Details of the remuneration of group executives of ALL for the year ended 30 June 2009 are set out in the following table. Details of the remuneration of group executives of ALL for the year ended 30 June 2010 are set out above in section (c) of the remuneration report.

	Short-term benefits		Post-employment benefits		Other long-term benefits			Total cash payment	Security-based payment	Security-based payment	
	Salary	Cash bonus	Super-annuation	Retirement	Retention	Other	Termination			Total	% of total
2009	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Roy Menachemson CEO – Development	249,555	131,250	100,445	—	—	—	—	481,250	6,661	487,911	1.4%
Jordan Rodgers CEO – Bowling	290,836	69,750	12,497	—	—	—	—	373,083	13,982	387,065	3.6%
Leon McNiece CEO – Health Clubs	286,255	22,500	17,546	—	—	—	—	326,301	29,579	355,880	8.3%
Charlie Keegan CEO – Main Event	297,626	79,800	—	—	—	—	—	377,426	—	377,426	—
Doug Novak CFO – Main Event	229,429	35,119	—	—	—	—	—	264,548	—	264,548	—
	1,353,701	338,419	130,488	—	—	—	—	1,822,608	50,222	1,872,830	2.7%

e) Services agreements of key management personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. Each of these agreements provides for the provision of performance related cash bonuses and participation in the Group's long term incentive plan. Other major provisions of the agreements relating to remuneration are set out below. All contracts with executives may be terminated early by either party with up to six months notice, subject to termination payments.

Greg Shaw

Chief Executive Officer

Initial Term

3 years commencing 1 September 2009 with automatic renewal on a year by year basis thereafter.

Base Salary

\$750,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless the executive gives the Group 6 months notice in writing, or the Group gives the executive 12 months notice in writing.

Richard Johnson

Chief Financial Officer

Initial Term

3 years commencing 1 September 2009 with automatic renewal on a year by year basis thereafter.

Base Salary

\$400,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives 6 months notice in writing.

Noel Dempsey

CEO – Theme Parks

Initial Term

No fixed term.

Base Salary

\$335,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

Roy Menachemson

CEO – Development

Initial Term

No fixed term.

Base Salary

\$350,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives six months notice in writing.

10 Remuneration report (continued)

Jordan Rodgers

CEO – Bowling

Initial Term

No fixed term.

Base Salary

\$315,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

Greg Oliver

CEO – Health Clubs

Initial Term

No fixed term.

Base Salary

\$327,000 for the year ended 30 June 2011.

Termination

Employment shall continue with the Group unless either party gives three months notice in writing. There is no allowance under the contract for termination by the Group within the first 12 months.

Charlie Keegan

CEO – Main Event

Initial Term

Contract to 19 October 2010 with automatic renewal on a year by year basis thereafter.

Base Salary

US\$247,000 for the year ended 30 June 2010.

Termination

During the contract term, employment shall continue with the Group unless the executive gives 60 days notice to the Group. An early termination payment equal to one year's salary is payable to the executive, if the Group terminates the executive during the contract, other than for gross misconduct.

Craig Karpin

CEO – Marinas Division

Initial Term

No fixed term.

Base Salary

\$210,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

All base salary amounts are inclusive of any superannuation payment and will be reviewed annually. In addition to the base salary above, Greg Oliver is guaranteed an STI of 30% of his base salary for the first year of his employment being year ending 30 June 2011. There are no contracted termination benefits payable to any KMP except for normal contractual base salary to the end of the KMP's employment.

f) Executive securities plan (ESP)

Who can participate?

All employees were eligible for participation at the discretion of the Board. This plan has now been superseded by the LTIP.

Types of securities issued?

Fully paid stapled securities purchased on market through a non-recourse loan provided by the Trust.

What restrictions are there on the securities?

As the securities are issued in the name of the recipient a trading lock is applied to these and a mortgage granted over the securities to the value of the loan.

When can the securities vest?

The plan contemplated that the securities would vest on the 2nd, 3rd and 4th anniversaries of the grant date assuming the vesting conditions had been met.

What are the vesting conditions?

Securities would not vest and have their mortgage released unless the Group achieved a pre-determined total shareholder return target by comparison with a pre-defined benchmark index.

What does total shareholder return (TSR) include?

TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.

What is the Benchmark Index?

The Benchmark Index comprises 50% of the accumulated Property Trust 300 Index and 50% of the accumulated ASX 300 Small Ordinaries Index.

Did any of the securities vest?

None of the plan securities have vested since the date of grant.

In October 2006, ALL's ESP was established, whereby eligible executives were provided the opportunity to acquire stapled securities in the Group (referred to as plan securities). Prior to 1 July 2009, security-based compensation benefits were provided to certain employees via the ESP. Benefits provided to executives under this scheme still exist but from 1 July 2009, however, any future LTI will be provided to executives under the new LTIP.

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 the Group at the time, and the total shareholder return (TSR) requirements must be achieved.

10 Remuneration report (continued)

Total shareholder return (TSR)

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

For plan securities to vest, the Group's TSR must exceed the Benchmark Index. Where the Benchmark Index is above 12.5%, then the Group's TSR must exceed this number for plan securities to vest. When the Benchmark Index is below 12.5% and the Group exceeds this number, then the Board has the discretion to allow plan securities to vest.

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.

Valuation inputs

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 – year 2	30 Nov 2008	18 Dec 2009	7 Jan 2010	8 Jan 2010
Expiry date – year 3	30 Nov 2009	18 Dec 2010	7 Jan 2011	8 Jan 2011
Expiry date – year 4	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 Plan Security at issue	25.7 cents	57.8 cents	68.5 cents	62.5 cents
Valuation per option at 30 June 2010	0 cents	0 cents	0 cents	0 cents

Options granted to KMP

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

	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Issue price of Plan Securities	Vested and exercisable	Unvested
Roy Menachemson	66,596	—	—	(33,298)	33,298	\$3.00	—	33,298
Jordan Rodgers	68,280	—	—	(22,760)	45,520	\$3.65	—	45,520
Leon McNiece	132,965	—	—	(132,965)	—	\$3.39	—	—
	267,841	—	—	(189,023)	78,818		—	78,818

The options lapsed had nil value at date of lapsing.

10 Remuneration report (continued)

g) Long term incentive plan (LTIP)

Who can participate?

All employees are eligible for participation at the discretion of the Board.

Types of securities issued?

Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.

Treatment of non-Australian residents

Due to restrictions on the issue of securities to employees who are not Australian residents, the LTI contemplates that cash awards will be granted to those executives and will be subject to the same performance hurdles.

What restrictions are there on the securities?

Performance rights are non-transferable.

When can the securities vest?

The plan contemplates that the Performance rights will vest on the 2nd, 3rd and 4th financial year ends following the grant date assuming the TSR performance hurdle has been met.

What are the vesting conditions?

In order for any or all of the performance rights to vest under the TSR performance hurdle, the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the Benchmark for the same period. A sliding scale of vesting applies above the 50th percentile threshold.

What does total shareholder return (TSR) include?

TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.

What is the Benchmark group?

The Benchmark group comprises the ASX Small Industrials Index.

Did any of the securities vest?

None of the Performance Rights have reached vesting since the date of grant.

Australian Employees

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

The LTIP awards are considered to be equity settled share-based payments as the participants are entitled to the securities as long as they meet the LTIP service and performance criteria.

Fair value – Australian employees

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

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

US employees

Due to restrictions on the issue of securities to US residents, those US executives eligible for the LTI are subject to a shadow performance rights scheme whereby a cash payment is made instead of performance rights being granted. At the end of each vesting period the number of performance rights which would have vested is multiplied by the Group stapled security volume weighted average price (or VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2.

10 Remuneration report (continued)

g) Long term incentive plan (LTIP) (continued)

Fair value – US employees (continued)

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

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

Valuation inputs

The table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. This valuation is used to value the performance rights granted to Australian employees at 30 June 2010:

Tranche	1
Issue date	4 Dec 2009
Vesting date – year 2	31 Aug 2011
Vesting date – year 3	31 Aug 2012
Vesting date – year 4	31 Aug 2013
Average risk free rate	4.64% per annum
Expected price volatility	55% per annum
Expected distribution yield	10% per annum
Share price at grant date	\$1.64
Valuation per right on issue	\$0.89

The table below shows the fair value of the performance rights for each grant as at 30 June 2010 as well as the factors used to value the performance rights at 30 June 2010. This valuation is used to value the performance rights granted to US employees at 30 June 2010:

Tranche	1
Issue date	4 Dec 2009
Vesting date – year 2	31 Aug 2011
Vesting date – year 3	31 Aug 2012
Vesting date – year 4	31 Aug 2013
Average risk free rate	4.4% per annum
Expected price volatility	45% per annum
Expected distribution yield	10% per annum
Share price at year end	\$0.99
Valuation per right at 30 June 2010	\$0.37

Performance hurdles

In order for any or all of the performance rights to vest under the LTIP the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark for the same period. A sliding scale of vesting applies above the 50th percentile threshold.

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

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

10 Remuneration report (continued)

g) Long term incentive plan (LTIP) (continued)

Performance rights

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

	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Greg Shaw ⁽¹⁾	—	588,974	—	—	588,974	—	588,974
Richard Johnson	—	314,120	—	—	314,120	—	314,120
Noel Dempsey	—	131,538	—	—	131,538	—	131,538
Roy Menachemson	—	109,942	—	—	109,942	—	109,942
Jordan Rodgers	—	123,685	—	—	123,685	—	123,685
Craig Karpin	—	65,965	—	—	65,965	—	65,965
Equity-settled	—	1,334,224	—	—	1,334,224	—	1,334,224
Charlie Keegan	—	77,588	—	—	77,588	—	77,588
Cash-settled	—	77,588	—	—	77,588	—	77,588
Total rights issued	—	1,411,812	—	—	1,411,812	—	1,411,812

⁽¹⁾ As a Director, Greg Shaw's grant of performance rights under the LTIP is subject to securityholder approval at the 2010 annual general meeting.

The 2009 LTIP grants to executives were the first long term incentives issued to executives since Plan Securities were issued in January 2008 under the ESP (see section (f) above). Because the LTIP performance rights cannot vest until the 2nd, 3rd or 4th financial years from grant date there will be a considerable gap between grant and vesting date.

h) Additional information

Performance of the Group

Over the past five years, core earnings of the Group have increased by 35.9% and the market capitalisation of the Group has decreased by 13.3%. Over the same period, compensation paid to KMP including management fees and performance fees paid to the Manager, has increased by 52.5%.

	2010	2009	2008	2007	2006
Security close price as at 30 June	\$0.99	\$1.42	\$1.49	\$3.30	\$2.50
Half year distribution per Security	\$0.065	\$0.065	\$0.096	\$0.080	\$0.070
Distribution reinvestment price	\$1.68	\$0.97	\$3.42	\$2.92	\$2.30
Full year distribution per security	\$0.043	\$0.078	\$0.100	\$0.091	\$0.075
Distribution reinvestment price	\$0.99	\$1.40	\$1.52	\$3.19	\$2.40
Number of securities on issue as at 30 June	309,109,468	241,590,377	231,791,692	216,816,241	182,867,614
Market capitalisation as at 30 June (\$ million)	\$306.0	\$343.1	\$345.4	\$715.5	\$457.2
Securityholder value of \$5,000 Investment as at 30 June 2005 (Based upon an initial security price of \$1.97)	\$3,770	\$4,992	\$4,652	\$9,404	\$6,742

10 Remuneration report (continued)

h) Additional information (continued)

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 2009 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 2010 financial year have been accrued but are subject to approval by the Group's Remuneration and Nomination Committee before payment.

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

Under the terms of the initial grant, performance rights under the LTIP were allocated on the basis of a valuation dated 11 November 2009. A valuation difference of \$0.2033 per performance rights between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

The table below sets out both the valuation maximum value of the plan securities and performance rights yet to vest has been determined as the amount of the grant date fair value of the plan securities and performance rights that are yet to be expensed.

	Financial year granted	Vested	Forfeited	Financial years in which most options may vest		Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%	Year	Number	\$	\$
Greg Shaw ⁽¹⁾	2010 – LTI	—	—	2012	196,324	—	524,187
				2013	196,325		
				2014	196,325		
Richard Johnson	2010 – LTI	—	—	2012	104,706	—	279,567
				2013	104,707		
				2014	104,707		
Noel Dempsey	2010 – LTI	—	—	2012	43,846	—	117,069
				2013	43,846		
				2014	43,846		
Roy Menachemson	2010 – LTI	—	—	2012	36,647	—	97,848
				2013	36,647		
				2014	36,648		
Jordan Rodgers	2010 – LTI	—	—	2012	41,228	—	110,080
				2013	41,228		
				2014	41,229		
Charlie Keegan	2010 – LTI	—	—	2012	25,862	—	28,708
				2013	25,862		
				2014	25,864		
Craig Karpin	2010 – LTI	—	—	2012	21,988	—	58,709
				2013	21,988		
				2014	21,989		

⁽¹⁾ As a Director, Greg Shaw's grant of performance rights under the LTIP is subject to securityholder approval at the 2010 annual general meeting.

	Financial year granted	Vested	Forfeited	Financial years in which most options may vest		Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%	Year	Number	\$	\$
Roy Menachemson	2007 – ESP	—	—	2009	—	—	6,127
				2010	—		
				2011	33,298		
Jordan Rodgers	2008 – ESP	—	—	2010	—	—	27,350
				2011	22,760		
				2012	22,760		

10 Remuneration report (continued)

h) Additional information (continued)

Directors' Interests in Securities

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

	Opening balance	Acquired	Disposed	Closing balance
Neil Balnaves, AO	196,000	13,043	—	209,043
Roger Davis	—	20,000	—	20,000
Anne Keating	49,700	13,043	—	62,743
Greg Shaw ⁽¹⁾	137,964	5,330	—	143,294
George Venardos ⁽¹⁾	—	45,502	—	45,502
	383,664	96,918	—	480,582

⁽¹⁾ Appointed 22 September 2009

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

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

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 40.

13 Events occurring after reporting date

Subsequent to 30 June 2010, a distribution of 4.25 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$13.1 million will be paid on or before 31 August 2010 in respect of the year ended 30 June 2010.

Since the end of the financial year, the Directors of the Manager and ALL 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 2010.

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.

ALL

Under ALL's Constitution, ALL indemnifies:

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

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

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 2010 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 regulates all activities where a contaminant may be released into the environment and/or there is a potential for environmental harm or nuisance. In accordance with Schedule 1 of the Environmental Protection Regulation 1998, Dreamworld holds licences or approvals for the operation of a helipad, motor vehicle workshop, train-shed, 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 meets on a bi-monthly basis to pursue environmental projects and improve environmental performance. An energy conservation trial commenced in WhiteWater World and will be significantly expanded upon over the coming 12 months. An educational campaign was promoted throughout the staff population to reduce consumption of polystyrene cups. This resulted in a reduction of some 14000 cups over the financial year. A mobile phone recycling programme was launched throughout the park as well as other local organisations. This programme has been highly successful and will be further expanded. Proceeds from the programme have also been raised to improve wildlife protection in parts of Africa where mobile phone components are sourced from. A range of existing recycling programmes continue to operate effectively, including glass, plastic, waste metals, paper, waste oils and cardboard. A water efficiency management plan continues to operate effectively, with a net reduction of consumption over the past 6 years. Staff also carried out voluntary programmes aimed at the humane treatment of pests, removal of noxious weeds other sustainability initiatives. These initiatives were additionally integrated into existing staff training programmes to further strengthen environmental culture within the organisation.

Dreamworld continued progress towards an environmental certification programme called "Green Globe". This internationally recognised programme 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 programme 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). 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.

17 Environmental regulations (continued)

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

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

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

g) Greenhouse gas and energy data reporting requirements

The 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 their 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 reduced from 1 July 2010 and so reporting will be required in the year ending 30 June 2011.

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 Ardent Leisure Management Limited and Ardent Leisure Limited.



Neil Balnaves, AO
Director

Sydney
19 Sydney 2010

Auditor's independence Declaration



PricewaterhouseCoopers
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Auditor's independence declaration

As lead auditor for the audit of Ardent Leisure Group for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Timothy J. Allman'.

Timothy J. Allman
Partner
PricewaterhouseCoopers

Brisbane
19 August 2010

Income Statements

For the year ended 30 June 2010

	Note	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Income					
Revenue from operating activities	3	350,400	366,005	68,269	74,262
Property valuation gains		4,312	—	—	—
Net gain from derivative financial instruments	4	685	—	723	—
Interest income		430	453	7,370	11,605
Gain on sale of assets		2,125	—	1,357	—
Other income		—	213	7,541	1,238
Total income		357,952	366,671	85,260	87,105
Expenses					
Purchases of finished goods		38,446	41,017	—	—
Salary and employee benefits		130,739	131,489	—	—
Borrowing costs	5	16,942	17,914	16,236	18,254
Property expenses	6	47,300	42,665	23,759	19,044
Depreciation and amortisation		28,784	28,714	9,842	9,199
Loss on sale of assets		—	3,798	—	153
Management base fee	7	427	3,002	1,819	3,002
Management performance fee	7	—	1,132	—	1,132
Advertising and promotions		16,536	16,396	—	—
Repairs and maintenance		17,086	18,154	—	—
Pre-opening expenses		483	1,735	—	—
Business acquisition costs		2,545	—	973	—
Property valuation losses		1,039	26,804	43,069	67,584
Net loss from derivative financial instruments	4	—	3,932	—	6,403
Impairment of goodwill	20	8,514	1,327	—	—
Other expenses	8	32,023	32,841	4,096	19,269
Total expenses		340,864	370,920	99,794	144,040
Profit/(loss) before tax expense and finance costs					
attributable to non-controlling interest holders		17,088	(4,249)	(14,534)	(56,935)
US withholding tax expense		305	541	305	541
Income tax benefit	10	(1,054)	(2,516)	—	—
Profit/(loss) before finance costs attributable to non-controlling interest holders					
		17,837	(2,274)	(14,839)	(57,476)
Finance benefits attributable to non-controlling interest holders		1,223	1,478	—	—
Profit/(loss)		19,060	(796)	(14,839)	(57,476)
Attributable to:					
Stapled security holders		19,038	(748)	(14,839)	(57,476)
Non-controlling interest holders		22	(48)	—	—
Profit/(loss)		19,060	(796)	(14,839)	(57,476)
Basic earnings per stapled security (cents)	11	6.30	(0.32)		
Diluted earnings per stapled security (cents)	11	6.29	(0.31)		
Distribution in respect of the year ended 30 June	12	32,848	34,129		
Distribution per stapled security in respect of the year ended 30 June (cents)	12	10.75	14.30		

Statements of Comprehensive Income

For the year ended 30 June 2010

	Note	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Profit/(loss)		19,060	(796)	(14,839)	(57,476)
Other comprehensive income:					
Cash flow hedges	30	871	(4,629)	871	(4,629)
Gain on buy out of joint venture partner	30	40	—	—	—
Revaluation of property, plant and equipment	30	(42,165)	(39,417)	—	—
Foreign exchange translation difference	30	(3,492)	(17,048)	—	—
Other comprehensive income for the period		(44,746)	(61,094)	871	(4,629)
Total comprehensive income for the period		(25,686)	(61,890)	(13,968)	(62,105)
Total comprehensive income for the period attributable to:					
Stapled security holders		(25,708)	(61,842)	(13,968)	(62,105)
Non-controlling interest holders		22	(48)	—	—
		(25,686)	(61,890)	(13,968)	(62,105)

Statements of Financial Position

As at 30 June 2010

	Note	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Current assets					
Cash and cash equivalents	33	11,843	12,205	75	2,096
Receivables	13	2,735	3,576	—	2,799
Derivative financial instruments	14	420	255	420	255
Inventories	15	8,170	8,307	—	—
Current tax receivables		1,355	1,571	—	—
Property held for sale	16	16,500	50,081	16,500	50,081
Other	17	8,401	7,271	429	311
Total current assets		49,424	83,266	17,424	55,542
Non-current assets					
Investment properties	18	84,186	79,402	312,192	345,594
Property, plant and equipment	19	417,922	450,485	97,969	88,036
Interest bearing receivables		606	899	150,456	128,861
Livestock		430	508	—	—
Intangible assets	20	138,643	125,322	297	396
Deferred tax assets	21	5,768	5,210	—	—
Investment in controlled entities	22	—	—	53,104	52,525
Total non-current assets		647,555	661,826	614,018	615,412
Total assets		696,979	745,092	631,442	670,954
Current liabilities					
Payables	23	53,202	43,433	6,717	7,693
Derivative financial instruments	14	5,809	7,868	5,809	7,868
Interest bearing liabilities	24	1,014	3,113	—	1,320
Current tax liabilities	—	—	—	—	—
Provisions	25	3,902	4,429	—	—
Other	26	2,198	2,808	—	—
Total current liabilities		66,125	61,651	12,526	16,881
Non-current liabilities					
Payables – non-controlling interest holders	23	—	6,125	—	—
Derivative financial instruments	14	2,046	1,038	2,046	1,038
Interest bearing liabilities	24	198,714	259,566	194,284	249,345
Provisions	25	854	713	—	—
Deferred tax liabilities	27	5,539	6,081	—	—
Total non-current liabilities		207,153	273,523	196,330	250,383
Total liabilities		273,278	335,174	208,856	267,264
Net assets		423,701	409,918	422,586	403,690
Equity					
Contributed equity	28	394,706	316,070	384,802	313,413
Reserves	30	(8,601)	50,428	(3,003)	(3,295)
Retained profits	31	37,596	42,671	40,787	93,572
Total equity attributable to stapled security holders		423,701	409,169	422,586	403,690
Non-controlling interest holders		—	749	—	—
Total equity		423,701	409,918	422,586	403,690

Statements of Changes in Equity

For the year ended 30 June 2010

	Note	Share Capital \$'000	Reserves \$'000	Retained Profits \$'000	Minority Interests \$'000	Total \$'000
Consolidated						
Total equity at 1 July 2008		304,581	122,687	68,247	797	496,312
Total comprehensive income		—	(61,094)	(748)	(48)	(61,890)
Security-based payments	30	—	156	—	—	156
Contributions of equity, net of issue costs	28	12,134	—	—	—	12,134
Sale of stapled securities for ESP	28	487	—	—	—	487
Distributions paid and payable	12	—	—	(38,413)	—	(38,413)
Performance fee securities	28, 30	(1,132)	1,132	1,132	—	1,132
Reserve transfers	30	—	(6,789)	6,789	—	—
Reserve transfer – realised gain on sale of assets	30	—	(5,664)	5,664	—	—
Total equity at 30 June 2009		316,070	50,428	42,671	749	409,918
Total comprehensive income		—	(44,746)	19,038	22	(25,686)
Acquisition of non-controlling interests		—	—	—	(771)	(771)
Security-based payments	30	—	132	—	—	132
Contributions of equity, net of issue costs	28	78,385	—	—	—	78,385
Sale of stapled securities for ESP	28	251	—	—	—	251
Distributions paid and payable	12	—	—	(38,528)	—	(38,528)
Reserve transfers	30	—	(2,206)	2,206	—	—
Reserve transfer – realised gain on sale of assets	30	—	(12,209)	12,209	—	—
Total equity at 30 June 2010		394,706	(8,601)	37,596	—	423,701
Parent						
Total equity at 1 July 2008		302,068	1,077	187,437	—	490,582
Total comprehensive income		—	(4,629)	(57,476)	—	(62,105)
Security-based payments	30	—	17	—	—	17
Contributions of equity, net of issue costs	28	12,009	—	—	—	12,009
Sale of stapled securities for ESP	28	468	—	—	—	468
Distributions paid and payable	12	—	—	(38,413)	—	(38,413)
Performance fee securities	28, 30	(1,132)	1,132	1,132	—	1,132
Reserve transfers	30	—	(892)	892	—	—
Total equity at 30 June 2009		313,413	(3,295)	93,572	—	403,690
Total comprehensive income		—	871	(14,839)	—	(13,968)
Contributions of equity, net of issue costs	28	71,146	—	—	—	71,146
Security-based payments	30	—	3	—	—	3
Sale of stapled securities for ESP	28	243	—	—	—	243
Distributions paid and payable	12	—	—	(38,528)	—	(38,528)
Reserve transfers	30	—	(582)	582	—	—
Total equity at 30 June 2010		384,802	(3,003)	40,787	—	422,586

Cash Flow Statements

For the year ended 30 June 2010

	Note	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash flows from operating activities					
Receipts from customers		351,185	363,880	69,046	76,280
Payments to suppliers and employees		(239,467)	(245,856)	—	—
Property expenses paid		(38,220)	(30,863)	(23,512)	(17,243)
Other operating expenses paid		(6,096)	(4,222)	(6,050)	(4,208)
Realised gains on derivative financial instruments		436	903	436	903
Interest received		1,197	507	8,137	12,041
US withholding tax paid		(309)	(547)	(309)	(547)
Income tax paid		198	(1,559)	—	—
Net cash flows from operating activities	34(a)	68,924	82,243	47,748	67,226
Cash flows from investing activities					
Payment for property, plant and equipment		(30,737)	(45,162)	(18,845)	(23,755)
Proceeds from sale of plant and equipment		3,239	739	142	72
Proceeds from sale of land and buildings		35,122	16,875	35,122	16,875
Payment for purchase of businesses net of cash acquired		(35,022)	(1,350)	(9,675)	(9,917)
Distributions received		—	—	7,541	1,238
Net cash flows from investing activities		(27,398)	(28,898)	14,285	(15,487)
Cash flows from financing activities					
Proceeds from borrowings		2,972,326	3,587,942	2,978,877	3,576,009
Repayment of borrowings		(3,035,497)	(3,606,057)	(3,035,497)	(3,606,057)
Borrowing costs		(16,422)	(18,022)	(15,730)	(17,952)
Proceeds from issue of stapled securities		66,732	—	59,441	—
Repayment of principal of finance lease		(19)	(155)	—	—
Costs of issue of stapled securities		(2,440)	(64)	(2,223)	(64)
Disposal of stapled securities		254	503	254	503
Decrease/increase in loan from Trust to related parties		—	—	(22,182)	21,017
Distributions paid to stapled security holders		(26,994)	(26,215)	(26,994)	(26,215)
Net cash flows from financing activities		(42,060)	(62,068)	(64,054)	(52,759)
Net (decrease)/increase in cash and cash equivalents		(534)	(8,723)	(2,021)	(1,020)
Cash and cash equivalents at the beginning of the year		12,205	20,621	2,096	3,116
Effect of exchange rate changes on cash and cash equivalents		172	307	—	—
Cash at the end of the year	33	11,843	12,205	75	2,096

Notes to the Financial Statements

For the year ended 30 June 2010

1 Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these financial statements for the year ended 30 June 2010 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

a) Basis of preparation

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

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

Compliance with IFRS as issued by the IASB

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

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), Note 1(s)(iii), Note 1(s)(iv) and Note 1(ac) and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill and director valuations for some property, plant and equipment and investment properties, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

Deficiency of current assets

As at 30 June 2010, the Group has a deficiency of current assets of \$16.7 million. Due to the nature of the business, the majority of sales are for cash whereas purchases are on credit resulting in a negative working capital position. Surplus cash is used to repay external loans so resulting in a deficiency of current assets at 30 June 2010. The Group has \$19.3 million of unutilised loan capacity at 30 June 2010 which can be drawn on as required.

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of the financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

b) Principles of consolidation

The units of the Trust and the shares of ALL are combined and issued as stapled securities in the Group. The units of the Trust and shares of ALL cannot be traded separately and can only be traded as stapled securities. As the Trust is deemed to be the parent entity under Australian Accounting Standards, a consolidated financial report has been prepared for the Group as well as a separate financial report for ALL. The consolidated financial report combines the financial report for the Trust and ALL for the year. Transactions between the entities have been eliminated in the consolidated financial report of the Group.

Accounting for the Group is carried out in accordance with UIG 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements*.

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

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

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

1 Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

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

The financial report of the Group should be read in conjunction with the separate financial report of ALL 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 Statement of Financial Position.

d) Receivables

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

The amount of any impairment loss is recognised in the Income Statement within other expenses. When a trade receivable for which a provision has been recognised becomes uncollectable 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.

e) Inventories

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

f) Investment properties

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

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

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

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

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

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

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

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

1 Summary of significant accounting policies (continued)

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 date of the statement of financial position, 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.

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

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

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

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

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

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

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

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

1 Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

Depreciation

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

- 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 date of the statement of financial position. 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 (see 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 (see Note 19) where the Group has substantially all the risks and rewards of ownership are classified as finance leases (see 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 (see Note 41(b)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straightline basis over the period of the lease. Lease income from operating leases where the Group is a lessor is recognised in income on a straightline basis over the lease term.

i) Investments and other financial assets

Loans and receivables are nonderivative 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 date of the statement of financial position which are classified as noncurrent 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

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

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

Noncurrent assets are not depreciated or amortised while they are classified as held for sale. Noncurrent assets classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

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 5 to 50 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2010

1 Summary of significant accounting policies (continued)

k) Livestock (continued)

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 intangible assets

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

Goodwill

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

The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (Note 38).

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.

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.

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

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.

1 Summary of significant accounting policies (continued)

p) Derivatives (continued)

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

i) Derivatives that do not qualify for hedge accounting

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

ii) Cash flow hedges

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

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

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

iii) Net investment hedges

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

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 5.91% per annum (2009: 4.61% per annum) for Australian dollar debt and nil (2009: 3.47% per annum) for US dollar debt.

r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount 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 date of the statement of financial position. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

s) Employee benefits

i) Wages and salaries, annual leave and sick leave

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

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to their net present value using market yields at the reporting date on high quality corporate bonds, except when there is no deep market in which case market yields on national government bonds are used, with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

iii) Old executive securities plan (ESP)

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

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

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

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

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

iv) Long term incentive plan – performance rights

Australian employees

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

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

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

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

US employees

For US executives eligible for the LTIP, a shadow performance rights scheme has been set up whereby a cash payment is made instead of performance rights being granted. At the end of the vesting period for each grant of performance rights, a calculation is made of the number of performance rights which would have been granted and payment is made based on the Group VWAP for the five trading days immediately following the vesting date. Due to the nature of the scheme, this scheme is considered to be a cash settled share-based payment under AASB 2.

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

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

t) Tax

Income tax

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

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

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

1 Summary of significant accounting policies (continued)

t) Tax (continued)

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

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

Tax consolidation legislation

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

The head entity, ALL, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

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

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

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) whollyowned tax consolidated entities.

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

u) Goods and services tax (GST)

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

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

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

v) 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.

w) Reserves

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

x) Revenue

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

i) Rendering of services

Revenue from rendering of services including health club membership, theme park and QDeck 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.

Notes to the Financial Statements

For the year ended 30 June 2010

1 Summary of significant accounting policies (continued)

y) Foreign currency translation

i) Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the 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 2010, the spot rate used was A\$1.00 = NZ\$1.2262 (2009: A\$1.00 = NZ\$1.2496) and A\$1.00 = US\$0.8414 (2009: A\$1.00 = US\$0.8068). The average spot rate during the year ended 30 June 2010 was A\$1.00 = NZ\$1.2490 (2009: A\$1.00 = NZ\$1.2306) and A\$1.00 = US\$0.8812 (2009: A\$1.00 = US\$0.7445).

z) Segment information

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

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

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

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

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

aa) Earnings per stapled security

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

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

ab) Fair value estimation

The 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 date of the statement of financial position. 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 date of the statement of financial position.

1 Summary of significant accounting policies (continued)

ab) Fair value estimation (continued)

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

ac) Business combinations

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

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

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

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

Goodwill acquired is not deductible for tax.

Change in accounting policy

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

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

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

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

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

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisitions of Ardent Leisure Management Limited, QDeck, Zest WA and Playtime as disclosed in note 32. Acquisition costs of \$2,545,000 have been expensed in the current year which would previously have been capitalised. These have been reversed out of core earnings.

ad) 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 date of statement of financial position.

ae) Fractional boat ownership

Ardent Boat Share (ABS) 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 ABS, 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 ABS.

Non-controlling interests in the VOCs have been disclosed as a liability of the Group, as a result of ABS'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.

Notes to the Financial Statements

For the year ended 30 June 2010

1 Summary of significant accounting policies (continued)

af) *New accounting standards and interpretations*

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 July 2010 or later periods but which the Group has not yet adopted. Based on a review of these standards, the majority of the standards yet to be adopted are not expected to have a significant impact on the financial statements of the Group. The Group's and the parent entity's assessment of the impact of those new standards and interpretations which may have an impact is set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions AASB 2 (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's or the parent entity's financial statements.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

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

ag) *Rounding*

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

2 Ardent Leisure Trust and Ardent Leisure Limited formation

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

3 Revenue from operating activities

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Revenue from services	248,953	257,884	—	—
Revenue from sale of goods	82,431	88,035	—	—
Revenue from rentals	18,919	19,661	68,269	74,262
Other revenue	97	425	—	—
Revenue from operating activities	350,400	366,005	68,269	74,262

4 Net gain/(loss) from derivative financial instruments

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Gain/(loss) on derivatives – unrealised	286	(7,306)	286	(7,306)
Loss)/gain on Goodlife put and call option – unrealised	(38)	2,471	—	—
Gain on derivatives – realised	437	903	437	903
	685	(3,932)	723	(6,403)

5 Finance costs

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Borrowing costs paid or payable	17,081	18,806	16,375	18,755
Less: Capitalised borrowing costs	(139)	(892)	(139)	(501)
Finance costs expensed	16,942	17,914	16,236	18,254

6 Property expenses

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Landlord rent and outgoings	40,949	35,772	17,794	13,332
Insurance	1,115	977	1,036	889
Head-lease fees	1,591	1,540	1,591	1,540
Rates	1,788	2,666	1,490	1,579
Land tax	1,318	1,249	1,318	1,249
Other	539	461	530	455
	47,300	42,665	23,759	19,044

Notes to the Financial Statements

For the year ended 30 June 2010

7 Management fees

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

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

a) Base management fee

On the acquisition of the Manager by ALL, the Trust Constitution was changed and the management fees structure was amended. The base management fee since 1 September 2009 is based on an allocation of costs incurred by ALL and its controlled entities to manage the Trust but is eliminated in the aggregated results of the Group.

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

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

b) Performance fee

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

c) Management fee calculation

The management fee paid externally to the Group, before 1 September 2009, for the year ended 30 June 2010 is detailed as follows:

	Consolidated 2010 \$	Consolidated 2009 \$	Parent 2010 \$	Parent 2009 \$
Base management fee	426,586	3,002,449	1,819,193	3,002,449
Performance fee	—	1,132,023	—	1,132,023
	426,586	4,134,472	1,819,193	4,134,472

The performance fee payable for the year ended 30 June 2009 was waived as the Manager was acquired by the Group from Macquarie Group Limited for \$17 million on 1 September 2009.

8 Other expenses

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Accounting fees	—	236	—	236
Audit fees	440	781	154	186
Consulting fees	569	777	—	35
Consumables	2,614	2,531	—	—
Custodian fees	110	103	102	95
Electricity	9,598	9,210	—	—
Foreign exchange loss – realised	8	240	11	183
Foreign exchange loss – unrealised	—	—	2,967	18,004
Fuel and oil	734	445	—	—
Insurance	1,774	1,632	—	—
Legal fees	154	33	152	28
Merchant fees	4,008	4,492	—	—
Motor vehicles	656	677	—	—
Permits and fees	2,994	3,125	—	—
Printing, stationery and postage	2,518	2,691	96	62
Registry fees	299	76	299	76
Stapled security holder communication costs	38	65	38	65
State taxes	323	436	—	—
Stock exchange costs	116	28	116	28
Taxation fees	216	139	32	23
Telephone	1,597	1,828	—	—
Training	1,131	945	—	—
Travel costs	1,496	1,529	—	—
Valuation fees	7	25	7	25
Other	623	797	122	223
	32,023	32,841	4,096	19,269

9 Remuneration of auditor

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

	Consolidated 2010 \$	Consolidated 2009 \$	Parent 2010 \$	Parent 2009 \$
Audit services – PWC Australia	392,275	638,715	153,902	185,920
Audit services – related practices of PWC Australia	47,688	141,848	—	—
Taxation services – PWC Australia	46,439	22,760	31,940	22,760
Taxation services – related practices of PWC Australia	169,126	116,184	—	—
	655,528	919,507	185,842	208,680

Notes to the Financial Statements

For the year ended 30 June 2010

10 Income tax benefit

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
a) Income tax benefit				
Current tax	638	(811)	—	—
Deferred tax	(1,015)	(923)	—	—
Over provided in prior year	(677)	(782)	—	—
	(1,054)	(2,516)	—	—
Income tax (benefit)/expense is attributable to:				
Profit/(loss) from continuing operations	(1,054)	(2,516)	—	—
Deferred income tax benefit included in income tax benefit comprises:				
Increase in deferred tax assets	(2)	(1,808)	—	—
Decrease/increase in deferred tax liabilities	(1,013)	885	—	—
	(1,015)	(923)	—	—
b) Numerical reconciliation of income tax benefit to prima facie tax receivable				
Profit/(loss) from continuing operations before income tax benefit	17,088	(4,249)	(14,534)	56,935
Less: (Profit)/loss from the Trusts	(32,527)	(8,180)	14,534	(56,935)
Prima facie loss	(15,439)	(12,429)	—	—
Tax at the Australian tax rate of 30% (2009: 30%)	(4,632)	(3,729)	—	—
<i>Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:</i>				
Goodwill impairment	2,554	275	—	—
Entertainment	17	37	—	—
Non-deductible depreciation and amortisation	1,912	2,006	—	—
Non-deductible interest due to thin capitalisation	6	384	—	—
Sundry items	99	83	—	—
Goodlife put and call option	11	(741)	—	—
Management rights	(806)	—	—	—
Business acquisition costs	445	—	—	—
Foreign exchange conversion differences				
Difference in overseas tax rates	17	(49)	—	—
Over provision in prior year	(677)	(782)	—	—
Income tax benefit	(1,054)	(2,516)	—	—

10 Income tax benefit (continued)

c) Unrecognised temporary differences

The Group has undistributed profits of \$7,230,000 (2009: \$5,831,000) which, if paid out as dividends, would be fully franked.

d) Tax losses

The Group has tax losses of \$508,322 (2009: \$508,322) which have not been recognised as they are not deemed recoverable.

e) Tax consolidation legislation

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

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

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

	2010	2009
Basic earnings per stapled security (cents)	6.30	(0.32)
Diluted earnings per stapled security (cents)	6.29	(0.31)
Core earnings per stapled security (cents)	11.41	19.10
Diluted core earnings per stapled security (cents)	11.39	19.04
Earnings used in the calculation of basic and diluted earnings per stapled security (\$'000)	19,038	(748)
Earnings used in the calculation of core earnings per stapled security (refer to calculation in table below) (\$'000)	34,475	45,246
Weighted average number of stapled securities on issue used in the calculation of basic and core earnings per stapled security ('000)	302,123	236,896
Weighted average number of stapled securities held by ALL employees under the ESP (see Note 29) ('000)	470	784
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per stapled security ('000)	302,593	237,680

Calculation of core earnings

The Manager does not consider it appropriate to use profit under Australian Accounting Standards to determine distributions to stapled security holders. The table below outlines the Manager's adjustments to profit under Australian Accounting Standards to determine the amount the Manager believes should be available for distribution for the current period. The Manager uses this amount as guidance for distribution determination.

Core earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised and non-cash items and reserve transfers. Under the Trust Constitution, the amount distributed to stapled security holders is at the discretion of the Manager. The Manager will use the core earnings calculated as a guide to assessing an appropriate distribution to declare.

Notes to the Financial Statements

For the year ended 30 June 2010

11 Earnings per stapled security (continued)

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

	2010 \$'000	2009 \$'000
Profit/(loss) used in calculating earnings per stapled security	19,038	(748)
<i>Unrealised items</i>		
— Unrealised (gain)/loss on derivative financial instruments	(286)	7,306
— Unrealised loss/(gain) on Goodlife put and call option	38	(2,471)
— Tax expense on unrealised foreign exchange in ALL	—	(1,065)
— Property valuation (gains)/losses – investment properties	(3,273)	26,804
<i>Non-cash items</i>		
— Straight-lining of fixed rent increases	1,879	1,889
— Impairment of goodwill	8,514	1,327
— Amortisation of Goodlife intangible assets	2,645	3,848
— Tax impact of amortisation of Goodlife intangible assets	(794)	(1,154)
<i>Reserve transfers</i>		
— Transfer from contributed equity for performance fee	—	1,132
— Transfer to asset revaluation reserve ⁽¹⁾	5,215	4,955
<i>Distributable earnings</i>	32,976	41,823
<i>One off realised items</i>		
— Pre-opening expenses	483	1,735
— Loss on write-off of aborted development projects	—	2,980
— Tax impact of write-off of aborted development projects	—	(983)
— Business acquisition costs now expensed	2,545	—
— Gain on sale of freehold land and buildings ⁽²⁾	(1,529)	(309)
Core earnings	34,475	45,246

⁽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 nine AMF bowling freehold properties for \$35.1 million. Six of the properties have been leased back to the Group on long term leases. A gain of \$1.5 million was recorded in the year. Revaluations totalling \$12.2 million were recorded on these properties in previous periods, so consequently a gain of \$13.3 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 %
<i>2010 distributions for the half year ended:</i>					
31 December 2009	6.50	19,725			
30 June 2010 ⁽¹⁾	4.25	13,123			
	10.75	32,848	12.18	12.82	75.00
<i>2009 distributions for the half year ended:</i>					
31 December 2008	6.50	15,326			
30 June 2009 ⁽²⁾	7.80	18,803			
	14.30	34,129	26.24	16.43	57.33

⁽¹⁾ The distribution of 4.25 cents per stapled security for the half year ended 30 June 2010 was not declared prior to 30 June 2010. Refer to Note 43.

⁽²⁾ 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.

13 Receivables

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Trade receivables	2,637	3,474	—	—
Controlled entity receivables	—	—	—	2,795
Provision for doubtful debts	(150)	(138)	—	—
	2,487	3,336	—	2,795
Sundry receivable	248	240	—	4
	2,735	3,576	—	2,799

The Group has recognised an expense of \$125,000 (2009: \$125,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2010. The expense has been included in other expenses in the Income Statement.

14 Derivative financial instruments

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Current assets</i>				
Forward foreign exchange contracts	420	255	420	255
	420	255	420	255
<i>Current liabilities</i>				
Interest rate swaps	5,809	7,868	5,809	7,868
	5,809	7,868	5,809	7,868
<i>Non-current liabilities</i>				
Interest rate swaps	2,046	1,038	2,046	1,038
	2,046	1,038	2,046	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 A\$0.2 million (2009: \$nil) and mature within 12 months.

The Group has entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A\$1.00 = US\$0.7594 (2009: A\$1.00 = US\$0.7574). These contracts total A\$6.6 million (2009: A\$9.7 million) and the last of these contracts matures in December 2012.

The Group has also entered into forward foreign exchange contracts to sell New Zealand dollars and receive Australian dollars at an average exchange rate of A\$1.00 = NZ\$1.2093 (2009: A\$1.00 = NZ\$1.2207). These contracts total A\$5.3 million (2009: A\$5.2 million) and the last of these contracts matures in November 2011.

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.

Notes to the Financial Statements

For the year ended 30 June 2010

14 Derivative financial instruments (continued)

Interest rate swaps

The Group has entered into an interest rate swap agreement totalling \$75 million (2009: \$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 (2009: US\$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 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Less than 1 year	—	—	—	—
1-2 years	45,000	—	45,000	—
2-3 years	—	45,000	—	45,000
3-4 years	83,482	—	83,482	—
4-5 years	—	85,778	—	85,778
More than 5 years	—	—	—	—
	128,482	130,778	128,482	130,778

15 Inventories

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Goods held for resale	8,234	8,327	—	—
Provision for diminution	(64)	(20)	—	—
	8,170	8,307	—	—

There was no reversal of writedowns of inventories recognised as a benefit during the year ended 30 June 2010 (2009: \$nil).

16 Property held for sale

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Bowling centres	—	33,581	—	33,581
Excess land at Dreamworld	16,500	16,500	16,500	16,500
	16,500	50,081	16,500	50,081

The excess land at Dreamworld has been sold but not yet settled as the boundaries of the lots need to be adjusted before the sale can be finalised.

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Opening	50,081	24,485	50,081	9,194
Transfer (to)/from property, plant and equipment	(57)	14,014	—	—
Transfer from/(to) investment properties	—	16,500	(57)	45,805
Disposals	(33,524)	(4,918)	(33,524)	(4,918)
	16,500	50,081	16,500	50,081

17 Other assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Prepayments	8,401	7,271	429	311
	8,401	7,271	429	311

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:

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Carrying amount at the beginning of the year	79,402	121,709	345,594	462,216
Transfer (to)/from properties held for sale	—	(16,500)	57	(45,805)
Additions	472	997	9,610	8,540
Disposals	—	—	—	(11,773)
Revaluation increments/(decrements)	4,312	(26,804)	(43,069)	(67,584)
Carrying amount at the end of the year	84,186	79,402	312,192	345,594

Amounts recognised in the Income Statement for investment properties:

Revenue from investment properties	16,800	16,854	68,269	74,262
Property expenses incurred on investment properties	(2,400)	(2,556)	(23,760)	(19,044)

At 30 June 2010, the Group had receivables to third parties totalling \$428,000 (2009:706,000) relating to leases on its investment properties.

Notes to the Financial Statements

For the year ended 30 June 2010

18 Investment properties (continued)

Consolidated

Property	Note	Valuer	Cost \$'000	Revaluation increments \$'000	Consolidated 2010 book value \$'000	Consolidated 2009 book value \$'000
Excess land at Dreamworld Marinas	(a) (b)	2,874 (1)	626 68,152	3,500 12,534	3,500 80,686	75,902
Total			71,026	13,160	84,186	79,402

As valued by:

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

(a) Part of the excess land is recorded as property held for sale and valued at the expected net sales proceeds for the sale. 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 \$7.3 million) is \$87.95 million. All of the marinas were independently valued at 30 June 2010 and the fair value was assessed to be \$87.95 million.

Parent

Property	Note	Valuer	Cost \$'000	Revaluation increments \$'000	Consolidated 2010 book value \$'000	Consolidated 2009 book value \$'000
Theme Parks	(a) (b)	(1)	141,968	56,530	198,498	239,029
Excess land at Dreamworld Marinas	(c) (d)	(2) (3)	2,874 68,152	626 12,534	3,500 80,686	3,500 75,902
Bowling centres	(e)	(3)	27,608	1,900	29,508	27,163
Total			240,602	71,590	312,192	345,594

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 Dreamworld and WhiteWater World (including plant and equipment of \$43.9 million and intangible assets of \$1.1 million) is \$235 million. In an independent valuation performed at 30 June 2010, the fair value for the theme parks was assessed to be \$235 million.

(b) The book value of the land at QDeck was independently valued at 31 December 2009 at \$9.0 million and valued by the Directors at 30 June 2010. At 30 June 2010, the fair value of QDeck was assessed to be \$9.0 million.

(c) Part of the excess land is recorded as property held for sale and valued at the expected net sales proceeds for the sale. The remaining land has been valued by Directors at \$3.5 million.

(d) The total carrying value of d'Albora Marinas (including plant and equipment of \$7.3 million) is \$87.95 million. An independent valuation was performed at 30 June 2010 on the seven marinas. At 30 June 2010, the fair value of d'Albora Marinas was assessed to be \$87.95 million.

(e) The 1 remaining freehold building was independently valued at 30 June 2010 at \$1.9 million. At 30 June 2010, the directors assessed the fair value of the freehold building to be \$1.9 million and the remaining property, plant and equipment to be \$73.6 million.

19 Property, plant and equipment

Consolidated

Property	Note	Cost \$'000	Revaluation increments/ (decrements) \$'000	Consolidated 2010 book value \$'000	Consolidated 2009 book value \$'000
Theme Parks	(1) (2)	186,975	56,530	243,505	283,820
Marinas	(3)	7,264	—	7,264	5,598
Bowling centres	(4)	78,004	1,900	79,904	68,173
Family entertainment centres	(5)	53,727	(5,790)	47,937	51,535
Health clubs	(6)	35,299	—	35,299	35,020
Other	(7)	4,013	—	4,013	6,339
Total		365,282	52,640	417,922	450,485

(1) The book value of Dreamworld and WhiteWater World (including intangible assets of \$1.1 million) is \$235 million. In an independent valuation performed at 30 June 2010, the fair value for the theme parks was assessed to be \$235 million.

(2) The book value of the land QDeck was independently valued at 31 December 2009 at \$9.0 million. The land and remaining plant and equipment was valued by the Directors at 30 June 2010 and the fair value of QDeck was assessed to be \$9.6 million.

(3) The directors have valued the property, plant and equipment of d'Albora Marinas at \$7.3 million.

(4) The 1 remaining freehold building was independently valued at 30 June 2010 at \$1.9 million. At 30 June 2010, the directors assessed the fair value of the freehold building to be \$1.9 million and the remaining property, plant and equipment to be \$78.0 million.

(5) The freehold land and buildings of the three family entertainment centres were independently valued by PGP Valuation Inc at 30 June 2010 at US\$19.75 million (\$23.47 million). At 30 June 2010 the directors assessed the fair value of the freehold land and buildings to be \$23.47 million and the remaining property, plant and equipment to be \$24.5 million.

(6) The directors have valued the property, plant and equipment of Goodlife at 30 June 2010 at \$35.3 million.

(7) The fair value of other property, plant and equipment was assessed by the directors to be \$4.0 million at 30 June 2010.

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 2010							
Theme Parks	165,139	59,905	16,132	—	2,084	245	243,505
Marinas	524	—	6,221	—	348	171	7,264
Bowling centres	30,313	—	47,685	—	1,844	62	79,904
Family entertainment centres	23,473	—	24,464	—	—	—	47,937
Health clubs	24,865	—	10,372	62	—	—	35,299
Other	6	—	3,991	—	16	—	4,013
Total consolidated	244,320	59,905	108,865	62	4,292	478	417,922

Consolidated 2009							
Theme Parks	207,799	58,823	14,941	—	1,994	263	283,820
Marinas	415	—	4,626	—	344	213	5,598
Bowling centres	28,133	—	38,494	—	1,463	83	68,173
Family entertainment centres	26,141	—	25,394	—	—	—	51,535
Health clubs	22,353	—	12,574	93	—	—	35,020
Other	—	—	6,339	—	—	—	6,339
Total consolidated	284,841	58,823	102,368	93	3,801	559	450,485

Parent – 2010							
Theme Parks	16,840	13,005	12,243	—	2,076	245	44,409
Marinas	524	—	6,221	—	348	171	7,264
Bowling centres	760	—	43,430	—	1,780	62	46,032
Other	6	—	258	—	—	—	264
Total parent	18,130	13,005	62,152	—	4,204	478	97,969

Parent – 2009							
Theme Parks	17,015	11,941	13,418	—	1,986	263	44,623
Marinas	415	—	4,626	—	344	213	5,598
Bowling centres	849	—	35,451	—	1,432	83	37,815
Total parent	18,279	11,941	53,495	—	3,762	559	88,036

Notes to the Financial Statements

For the year ended 30 June 2010

19 Property, plant and equipment (continued)

Consolidated (continued)

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 – 2010							
Carrying amount at the beginning of the year	284,841	58,823	102,368	93	3,801	559	450,485
Additions	9,968	2,686	27,680	—	1,044	36	41,414
Transfer from properties held for sale	57	—	—	—	—	—	57
Disposals	(68)	—	(2,614)	—	—	—	(2,682)
Depreciation	(6,199)	(1,604)	(17,424)	(31)	(553)	(117)	(25,928)
Foreign exchange movements	(1,075)	—	(1,145)	—	—	—	(2,220)
Revaluation decrements	(43,204)	—	—	—	—	—	(43,204)
Carrying amount at the end of the year	244,320	59,905	108,865	62	4,292	478	417,922

Consolidated – 2009

Carrying amount at the beginning of the year	325,881	56,713	108,662	238	3,823	390	495,707
Additions	21,767	2,898	18,967	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)	—	(1,386)	(125)	(46)	(1)	(16,443)
Depreciation	(5,330)	(1,415)	(17,118)	(20)	(667)	(92)	(24,642)
Foreign exchange movements	3,646	—	2,830	—	—	—	6,476
Revaluation decrements	(41,184)	—	—	—	—	—	(41,184)
Carrying amount at the end of the year	284,841	58,823	102,368	93	3,801	559	450,485

Parent – 2010

Carrying amount at the beginning of the year	18,279	11,941	53,495	—	3,762	559	88,036
Additions	205	2,668	16,170	—	980	36	20,059
Disposals	(27)	—	(356)	—	—	—	(383)
Depreciation	(327)	(1,604)	(7,157)	—	(538)	(117)	(9,743)
Carrying amount at the end of the year	18,130	13,005	62,152	—	4,204	478	97,969

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

20 Intangible assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Other intangible assets at cost	2,046	2,020	1,428	1,428
Accumulated amortisation	(1,523)	(1,361)	(1,131)	(1,032)
	523	659	297	396
Customer relationships at cost	9,981	8,410	—	—
Accumulated amortisation	(7,214)	(5,223)	—	—
	2,767	3,187	—	—
Brand at cost	6,539	6,539	—	—
Accumulated amortisation	(1,798)	(1,144)	—	—
	4,741	5,395	—	—
Goodwill at cost	141,931	118,886	—	—
Accumulated impairment charge	(11,319)	(2,805)	—	—
	130,612	116,081	—	—
Total intangible assets	138,643	125,322	297	396
<i>Other intangible assets</i>				
Opening net book amount	659	595	396	495
Additions	26	232	—	—
Amortisation ⁽¹⁾	(162)	(168)	(99)	(99)
Closing net book amount	523	659	297	396
<i>Customer relationships</i>				
Opening net book amount	3,187	6,381	—	—
Additions	1,571	—	—	—
Amortisation ⁽¹⁾	(1,991)	(3,194)	—	—
Closing net book amount	2,767	3,187	—	—
<i>Brand</i>				
Opening net book amount	5,395	6,049	—	—
Additions	—	—	—	—
Amortisation ⁽¹⁾	(654)	(654)	—	—
Closing net book amount	4,741	5,395	—	—
<i>Goodwill</i>				
Opening net book amount	116,081	112,948	—	—
Additions	25,006	974	—	—
Change in deferred settlement	—	(4,283)	—	—
Foreign exchange movements	(1,961)	7,769	—	—
Impairment charge	(8,514)	(1,327)	—	—
Closing net book amount	130,612	116,081	—	—
Total intangible assets	138,643	125,322	297	396

⁽¹⁾ Amortisation of \$2,807,000 (2009: \$4,016,000) is included in depreciation and amortisation expense in the Income Statement.

Notes to the Financial Statements

For the year ended 30 June 2010

20 Intangible assets (continued)

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 Chermshire in February 2008, Zest Health Clubs in April 2008 and Zest Health Clubs WA in April 2010.

Brand

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

Goodwill

Goodwill represents goodwill acquired by ALL 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, Ardent 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 Chermshire in February 2008, Zest Health Clubs in April 2008, acquisition of the shares of the Manager in September 2009, QDeck in December 2009, Zest Health Clubs WA in April 2010 and Playtime in May 2010.

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:

	Australia \$'000	New Zealand \$'000	United States \$'000	Total \$'000
2010				
Theme parks	4,366	—	—	4,366
Marinas	—	—	—	—
Bowling centres	16,823	3,206	—	20,029
Fractional boat ownership	453	—	—	453
Family entertainment centres	—	—	50,114	50,114
Health clubs	55,650	—	—	55,650
	77,292	3,206	50,114	130,612
2009				
Theme parks	783	—	—	783
Marinas	—	—	—	—
Bowling centres	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

20 Intangible assets (continued)

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⁾	
	2010 % per annum	2009 % per annum	2010 % per annum	2009 % per annum
Theme parks	2.00	2.00	11.14	10.81
Marinas	n/a	n/a	n/a	n/a
Bowling centres	2.00	2.00	11.14	10.81
Fractional boat ownership	0.00	0.00	11.14	10.81
Family entertainment centres	3.00	2.00	10.80	10.88
Health clubs	2.00	2.00	11.14	10.81

⁽¹⁾ Average growth rate used to extrapolate cash flows beyond the budget period.

⁽²⁾ In performing the value in use calculations for each CGU, the Group has applied pretax 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 pretax and reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount of a CGU is determined based on value-in use calculations. These calculations use cash flow projections based on the 2011 financial year budget approved by the board and three year forecasts approved by management. Cashflows beyond the three year period are extrapolated using the growth rates stated above. The assumptions above for the Theme Parks division only relate to QDeck as the assets relating to Dreamworld and WhiteWater World were independently valued at 30 June 2010.

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

Goodwill of \$17 million arose on the internalisation of the Manager. This goodwill was allocated to each of the business segments based on EBITDA of each segment in the Group accounts for the year ended 30 June 2009. \$8,514,000 was allocated to the Theme Park and Marinas CGUs. The assets in these CGUs are already held at fair value in the Group accounts resulting in an impairment charge of \$8,514,000 being recorded in the year to 30 June 2010. The impairment charge in the prior corresponding period was \$1,327,000.

21 Deferred tax assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Doubtful debts	45	41	—	—
Employee benefits	3,292	2,712	—	—
Provisions and accruals	885	644	—	—
Depreciation	6	4	—	—
Inventory diminution	19	6	—	—
Deferred income	329	128	—	—
Tax losses	1,192	1,675	—	—
Deferred tax assets	5,768	5,210	—	—
<i>Movements</i>				
Balance at the beginning of the year	5,210	3,402	—	—
Credited to the Income Statement (see Note 10)	2	1,808	—	—
Acquisition of businesses	556	—	—	—
Balance at the end of the year	5,768	5,210	—	—
Deferred tax assets to be recovered within 12 months	4,106	3,325	—	—
Deferred tax assets to be recovered after more than 12 months	1,662	1,885	—	—
	5,768	5,210	—	—

Notes to the Financial Statements

For the year ended 30 June 2010

22 Investment in controlled entities

	Country of formation/ incorporation	Class of securities	Consolidated interest		Parent entity carrying amount	
			2010 %	2009 %	2010 \$	2009 \$
Ardent Leisure (NZ) Trust	New Zealand	Ordinary	100	100	—	—
Ardent Leisure Finance Pty Limited	Australia	Ordinary	100	100	1	1
Ardent Leisure Limited	Australia	Ordinary	100	100	14,595	22,679
Ardent Leisure Operations (NZ) Limited	New Zealand	Ordinary	100	100	—	—
Ardent Leisure Management (NZ) Limited	New Zealand	Ordinary	100	100	—	—
Ardent Leisure Management Limited	Australia	Ordinary	100	—	—	—
Ardent Leisure Management Health Clubs Pty Limited	Australia	Ordinary	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	—	—
A.C.N. 111 110 037 Pty Limited	Australia	Ordinary	100	100	—	—
Ardent Leisure US Holdings Inc	United States	Ordinary	100	100	—	—
Main Event Holdings Inc	United States	Ordinary	100	100	—	—
M.E.E.P. Management LLC	United States	Ordinary	100	100	—	—
Main Event Entertainment LP	United States	—	100	100	—	—
Shots Main Event Inc	United States	Ordinary	100	100	—	—
Ardent Boat Share Pty Limited	Australia	Ordinary	100	100	—	—
Ardent Boat Share Services Pty Limited	Australia	Ordinary	100	100	—	—
Ardent Boat Share Finance Limited	Australia	Ordinary	100	100	—	—
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	—	—
Riviera M400-4 Boatshare Pty Limited	Australia	Ordinary	—	10	—	—
Riviera M400-4 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera M400-5 Boatshare Pty Limited	Australia	Ordinary	—	—	—	—
Riviera M400-5 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera M400-6 Boatshare Pty Limited	Australia	Ordinary	—	—	—	—
Riviera M400-6 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera M400-7 Boatshare Pty Limited	Australia	Ordinary	—	—	—	—
Riviera M400-7 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera 3600 Boatshare Pty Limited	Australia	Ordinary	100	100	—	—
Riviera 3600 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera 4700-2 Boatshare Pty Limited	Australia	Ordinary	—	—	—	—
Riviera 4700-2 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera 4700-3 Boatshare Pty Limited	Australia	Ordinary	—	—	—	—
Riviera 4700-3 Boatshare Pty Limited	Australia	Preference	100	100	—	—

22 Investment in controlled entities (continued)

	Country of formation/ incorporation	Class of securities	Consolidated interest		Parent entity carrying amount	
			2010 %	2009 %	2010 \$	2009 \$
Riviera M400-9 Boatshare Pty Limited	Australia	Ordinary	10	40	—	—
Riviera M400-9 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera M400-10 Boatshare Pty Limited	Australia	Ordinary	30	30	—	—
Riviera M400-10 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Princess 54 Boatshare Pty Limited	Australia	Ordinary	—	30	—	—
Princess 54 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera 4700 Boatshare Pty Limited	Australia	Ordinary	—	10	—	—
Riviera 4700 Boatshare Pty Limited	Australia	Preference	100	100	—	—
Riviera M400-8 Boatshare Pty Limited	Australia	Ordinary	100	100	—	—
Riviera M400-8 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	—	—
Ardent Leisure Notes Issuer Pty Limited	Australia	Ordinary	100	100	33,022,822	33,022,822
Ardent Leisure Health Clubs 1 Pty Limited	Australia	Ordinary	100	95	—	—
Ardent Leisure Health Clubs 2 Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Health Clubs Holdings Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Operations Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Wintergarden Pty Limited	Australia	Ordinary	100	95	—	—
Archgale Pty Limited	Australia	Ordinary	100	95	—	—
Archgale 2 Pty Limited	Australia	Ordinary	100	95	—	—
Belmont Pacific Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Subtrust	Australia	Ordinary	100	100	20,066,631	19,479,965
Brookshell Pty Limited	Australia	Ordinary	100	95	—	—
Darleon Pty Limited	Australia	Ordinary	100	95	—	—
Evolution Fitness Equipment Pty Limited	Australia	Ordinary	100	95	—	—
Evolution Fitness Systems Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Carseldine Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Helensvale Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Hyperdome Pty Limited	Australia	Ordinary	100	95	—	—
Holland Park Health Clubs Service Pty Limited	Australia	Ordinary	100	95	—	—
Sarlin Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Chermside Pty Limited	Australia	Ordinary	100	95	—	—
Goodlife Management Pty Limited	Australia	Ordinary	100	—	—	—
					53,104,049	52,525,467

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

Notes to the Financial Statements

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23 Payables

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Current</i>				
Management fee	—	1,268	—	1,268
Custodian fee	51	54	51	54
Interest payable	660	322	660	322
GST payable	—	479	—	479
Trade creditors	9,863	9,081	—	—
Property expenses payable	4,832	4,842	4,832	4,842
Controlled entity payables	—	—	835	—
Deferred income	6,568	4,143	—	—
Non-controlling interest in Ardent Boat Share	3,818	—	—	—
Other creditors and accruals	27,410	23,244	339	728
Total current	53,202	43,433	6,717	7,693
<i>Non-current</i>				
Non-controlling interest in Ardent Boat Share	—	5,944	—	—
Non-controlling interest in Goodlife due to put and call option	—	181	—	—
Total non-current	—	6,125	—	—
Total payables	53,202	49,558	6,717	7,693

Goodlife put and call option

As discussed in Note 30, the Group acquired 95% of Ardent Leisure Health Clubs 1 Pty Limited on 25 September 2007. The Group had an option to acquire the non-controlling interests in Ardent Leisure Health Clubs 1 Pty Limited in September 2012. In addition, the non-controlling interest holders had the right to sell their interests in Ardent Leisure Health Clubs 1 Pty 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 Statement of Financial Position as a financial liability calculated as the present value of the redemption amount on the first exercise date. Under the Group's economic equity approach, the initial recognition of the redemption amount was recorded in 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.

During the year, the Group acquired the remaining 5% interest in Ardent Leisure Health Clubs 1 Pty Limited and so the liability was released.

24 Interest bearing liabilities

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Current</i>				
Finance leases	15	23	—	—
Bank loan – term debt	999	3,090	—	1,320
Total current	1,014	3,113	—	1,320
<i>Non-current</i>				
Finance leases	46	58	—	—
Bank loan – term debt	199,527	260,624	194,700	250,000
Less: amortised costs – bank loan	(859)	(1,116)	(416)	(655)
Total non-current	198,714	259,566	194,284	249,345
Total interest bearing liabilities	199,728	262,679	194,284	250,665

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

24 Interest bearing liabilities (continued)

Credit facilities

As at 30 June 2010, the Group had access to the following facilities:

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash advance facility	133,962	120,000	133,962	120,000
Amount used	(114,700)	(94,700)	(114,700)	(94,700)
Amount unused	19,262	25,300	19,262	25,300
Loan note facility 1	80,000	80,000	80,000	80,000
Amount used	(80,000)	(80,000)	(80,000)	(80,000)
Amount unused	—	—	—	—
Loan note facility 2a	—	50,000	—	50,000
Amount used	—	(50,000)	—	(50,000)
Amount unused	—	—	—	—
Loan note facility 2b	—	26,620	—	26,620
Amount used	—	(26,620)	—	(26,620)
Amount unused	—	—	—	—
US facility	5,826	12,394	—	—
Amount used	(5,826)	(12,394)	—	—
Amount unused	—	—	—	—
Total facility	219,788	289,014	213,962	276,620
Total amount used	(200,526)	(263,714)	(194,700)	(251,320)
Total amount unused	19,262	25,300	19,262	25,300

The cash advance and loan note facility 1 mature in August 2011.

The US loan facility is an amortising facility reducing by US\$70,000 per month and 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 2010, including the impact of the interest rate swaps, is 7.05% per annum for AUD denominated debt (2009: 5.94% per annum) and 6.09% per annum for USD denominated debt (2009: 6.06% per annum)

Notes to the Financial Statements

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25 Provisions

a) Distributions to stapled security holders

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Opening balance	—	—	—	—
Distributions declared	38,528	38,413	38,528	38,413
Distributions paid	(26,994)	(26,215)	(26,994)	(26,215)
Distributions reinvested	(11,534)	(12,198)	(11,534)	(12,198)
Closing balance	—	—	—	—

A provision for the distribution relating to the half year to 30 June 2010 was not recognised as the distribution had not been declared at the reporting date.

b) Other provisions

<i>Current</i>				
Employee benefits	2,700	2,643	—	—
Sundry ⁽¹⁾	1,202	1,786	—	—
Total current	3,902	4,429	—	—
<i>Non-current</i>				
Employee benefits	854	713	—	—
Total non-current	854	713	—	—
Total provisions	4,756	5,142	—	—
<i>Movements in sundry provisions</i>				
Carrying amount at the beginning of the year	1,786	1,615	—	—
Additional provisions recognised	649	1,195	—	—
Amounts utilised	(1,233)	(1,024)	—	—
Carrying amount at the end of the year	1,202	1,786	—	—

⁽¹⁾ Sundry provisions include employee sick leave provisions, insurance excess/deductible amounts for public liability insurance, fringe benefits tax provisions and other royalty provisions.

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

26 Other liabilities

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2009 \$'000	Parent 2010 \$'000
Security deposits	2,198	2,808	—	—
	2,198	2,808	—	—

27 Deferred tax liabilities

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2009 \$'000	Parent 2010 \$'000
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The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Intangible assets	2,253	2,708	—	—
Prepayments	275	48	—	—
Accrued revenue	111	103	—	—
Depreciation	2,900	3,222	—	—

Deferred tax liabilities	5,539	6,081	—	—
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Movements

Balance at the beginning of the year	6,081	6964	—	—
Credited)/charged to the Income Statement (see Note 10)	(1,013)	885	—	—
Credited to asset revaluation reserve (see Note 30)	—	(1,768)	—	—
Acquisition of businesses	471	—	—	—

Balance at the end of the year	5,539	6,081	—	—
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Deferred tax liabilities to be settled within 12 months	387	151	—	—
Deferred tax liabilities to be settled after more than 12 months	5,152	5,930	—	—
	5,539	6,081	—	—

Notes to the Financial Statements

For the year ended 30 June 2010

28 Contributed equity

No. of stapled securities	Details	Date of income entitlement	Note	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
230,827,761	Stapled securities on issue	30 Jun 2008			304,581		302,068
4,839,749	DRP issue	1 Jul 2008	(i)		7,375		7,305
116,535	ESP – stapled securities sold	1 Jul 2008	(ii)		211		206
4,958,662	DRP issue	1 Jan 2009	(i)		4,823		4,768
322,082	ESP – stapled securities sold	1 Jan 2009	(ii)		276		262
	Transfer to retained profits – realised items	30 June 2009	(iii)		(1,132)		(1,132)
	Issue costs paid				(64)		(64)
241,064,789	Stapled securities on issue	30 June 2009		316,070	316,070	313,413	313,413
4,363,543	DRP issue	1 Jul 2009	(i)	6,130		5,546	
36,238,555	Placement	1 Jul 2009	(iv)	41,674		37,702	
21,789,359	Security purchase plan	1 Jul 2009	(v)	25,058		22,670	
3,211,391	DRP issue	1 Jan 2010	(i)	5,404		5,057	
1,916,248	Zest placement	1 Jan 2010	(vi)	2,559		2,394	
184,423	ESP – stapled securities sold	1 Jan 2010	(ii)	251		243	
	Issue costs paid			(2,440)		(2,223)	
308,768,308	Stapled securities on issue	30 Jun 2010		394,706	316,070	384,802	313,413

(i) Distribution reinvestment plan

The Group has established a distribution reinvestment plan (DRP) under which stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than being paid in cash. The discount available on stapled securities issued under the DRP is 2.0% on the market price.

(ii) Executives Securities Plan (ESP)

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

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

(iii) Performance fee securities

Information relating to the performance fee paid to the Manager is detailed in Note 7.

(iv) Placement

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

(v) Securities purchase plan

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

(vi) Zest placement

On 12 April 2010, the Group issued 1,916,248 stapled securities at an issue price of \$1.66 per security to Zest Health Clubs Limited as part consideration to acquire seven health clubs. Fair value of the stapled securities on the date of issue was assessed as \$1.3354 (Refer to Note 32). The securities are entitled to the distribution payable for the six months ended 30 June 2010.

29 Security-based payments

a) Executives Securities Plan (ESP)

Who can participate?

All employees were eligible for participation at the discretion of the Board. This plan has now been superseded by the LTIP.

Types of securities issued?

Fully paid stapled securities purchased on market through a non-recourse loan provided by the Trust.

What restrictions are there on the securities?

As the securities are issued in the name of the recipient a trading lock is applied to these and a mortgage granted over the securities to the value of the loan.

When can the securities vest?

The plan contemplated that the securities would vest on the 2nd, 3rd and 4th anniversaries of the grant date assuming the vesting conditions had been met.

What are the vesting conditions?

Securities would not vest and have their mortgage released unless the Group achieved a pre-determined total shareholder return target by comparison with a pre-defined benchmark index.

What does total shareholder return (TSR) include?

TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.

What is the Benchmark Index?

The Benchmark Index comprises 50% of the accumulated Property Trust 300 Index and 50% of the accumulated ASX 300 Small Ordinaries Index.

Did any of the securities vest?

None of the plan securities have vested since the date of grant.

In October 2006, ALL's ESP was established, whereby eligible executives were provided the opportunity to acquire stapled securities in the Group (referred to as plan securities). Prior to 1 July 2009, security-based compensation benefits were provided to certain employees via the ESP. Benefits provided to executives under this scheme still exist but from 1 July 2009, however, any future long term incentives will be provided to executives under the new long term incentive plan (LTIP).

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 the Group at the time, and the total shareholder return (TSR) requirements must be achieved.

Total shareholder return (TSR)

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

For plan securities to vest, the Group's TSR must exceed the Benchmark Index. Where the Benchmark Index is above 12.5%, then the Group's TSR must exceed this number for plan securities to vest. When the Benchmark Index is below 12.5% and the Group exceeds this number, then the Board has the discretion to allow plan securities to vest.

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.

Notes to the Financial Statements

For the year ended 30 June 2010

29 Security-based payments (continued)

a) Executives Securities Plan (ESP) (continued)

Valuation inputs

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 – year 2	30 Nov 2008	18 Dec 2009	7 Jan 2010	8 Jan 2010
Expiry date – year 3	30 Nov 2009	18 Dec 2010	7 Jan 2011	8 Jan 2011
Expiry date – year 4	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 Plan Security at issue	25.7 cents	57.8 cents	68.5 cents	62.5 cents
Valuation per option at 30 June 2010	0 cents	0 cents	0 cents	0 cents

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

	Consolidated 2010 Securities	Consolidated 2009 Securities	Parent 2010 Securities	Parent 2009 Securities
<i>Securities issued to participating executives:</i>				
ESP securities	179,777	524,689	179,777	524,689

Grant date	Expiry date	Exercise price	Valuation per security	Balance at the beginning of the year	Granted	Exercised	Cancelled	Balance at the end of the year	Vested and exercisable at the end of the year
30 Nov 2006	30 Nov 2010	\$3.00	25.7 cents	215,113	—	—	(105,464)	109,649	—
18 Dec 2007	18 Dec 2011	\$3.65	57.8 cents	81,978	—	—	(26,427)	55,551	—
7 Jan 2008	7 Jan 2012	\$3.39	68.5 cents	94,633	—	—	(80,056)	14,577	—
8 Jan 2008	8 Jan 2012	\$3.45	62.5 cents	132,965	—	—	(132,965)	—	—
				524,689	—	—	(344,912)	179,777	—

The options have an average maturity of 8 months.

29 Security-based payments (continued)

b) Long Term Incentive Plan (LTIP)

Who can participate?

All employees are eligible for participation at the discretion of the Board.

Types of securities issued?

Performance rights that can be converted into fully paid securities once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.

Treatment of non-Australian residents

Due to restrictions on the issue of securities to employees who are not Australian residents, the LTIP contemplates that cash awards will be granted to those executives and will be subject to the same performance hurdles.

What restrictions are there on the securities?

Performance rights are nontransferable.

When can the securities vest?

The plan contemplates that the Performance rights will vest on the 2nd, 3rd and 4th financial year ends following the grant date assuming the TSR performance hurdle has been met.

What are the vesting conditions?

In order for any or all of the performance rights to vest under the TSR performance hurdle, the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the Benchmark for the same period. A sliding scale of vesting applies above the 50th percentile threshold.

What does total shareholder return (TSR) include?

TSR is the total return an investor would receive over a set period of time assuming that all distributions were reinvested in the Group's securities. The TSR definition takes account of both capital growth and distributions.

What is the Benchmark group?

The Benchmark group comprises the ASX Small Industrials Index.

Did any of the securities vest?

None of the Performance Rights have reached vesting since the date of grant.

Australian Employees

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

The LTIP awards are considered to be equity settled share-based payments as the participants are entitled to the securities as long as they meet the LTIP service and performance criteria.

Fair value – Australian employees

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

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

US employees

Due to restrictions on the issue of securities to US residents, those US executives eligible for the LTIP are subject to a shadow performance rights scheme whereby a cash payment is made instead of performance rights being granted. At the end of each vesting period the number of performance rights which would have vested is multiplied by the Group stapled security volume weighted average price (or VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2.

Fair value – US employees

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

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

Valuation inputs

The table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the date of grant. This valuation is used to value the performance rights granted to Australian employees at 30 June 2010:

Tranche	1
Issue date	4 Dec 2009
Vesting date – year 2	31 Aug 2011
Vesting date – year 3	31 Aug 2012
Vesting date – year 4	31 Aug 2013
Average risk free rate	4.64% per annum
Expected price volatility	55% per annum
Expected distribution yield	10% per annum
Share price at grant date	\$1.64

Notes to the Financial Statements

For the year ended 30 June 2010

29 Security-based payments (continued)

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

The table below shows the fair value of the performance rights for each grant as at 30 June 2010 as well as the factors used to value the performance rights as at 30 June 2010.

This valuation is used to value the performance rights granted to US employees at 30 June 2010:

Tranche	1
Issue date	4 Dec 2009
Vesting date – year 2	31 Aug 2011
Vesting date – year 3	31 Aug 2012
Vesting date – year 4	31 Aug 2013
Average risk free rate	4.4% per annum
Expected price volatility	45% per annum
Expected distribution yield	10% per annum
Share price at year end	\$0.99
Valuation per right at 30 June 2010	\$0.37

Performance hurdles

In order for any or all of the performance rights to vest under the LTIP the Group's TSR for the performance period must exceed the 50th percentile of the TSRs of the benchmark for the same period. A sliding scale of vesting applies above the 50th percentile threshold.

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

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

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

	Consolidated 2010 Rights	Consolidated 2009 Rights	Parent 2010 Rights	Parent 2009 Rights
<i>Performance rights issued to participating executives:</i>				
Performance rights	1,957,658	—	—	—

Grant date	Expiry date	Exercise price	Valuation per right	Balance at the beginning of the year	Granted	Exercised	Cancelled	Balance at the end of the year	Vested and exercisable at the end of the year
4 Dec 2009	31 Aug 2013	nil	89.0 cents	—	2,020,482	—	(62,824)	1,957,658	—
				—	2,020,482	—	(62,824)	1,957,658	—

The rights have an average maturity of 2 years 2 months.

The expense recorded in the year with relation to the options and performance rights was \$257,746 (2009: \$139,006).

30 Reserves

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Asset revaluation reserve</i>				
Opening balance	76,099	126,135	—	—
Revaluation – Dreamworld	(46,747)	(35,374)	—	—
Revaluation – Bowling Group	3,072	(1,735)	—	—
Revaluation – Goodlife	1,510	1,283	—	—
Revaluation – Main Event	—	(5,359)	—	—
Tax on Main Event revaluation	—	1,768	—	—
Transfer to retained profits of revaluations previously booked on asset sales	(12,209)	(5,664)	—	—
Transfer to retained profits – unrealised items	3,591	—	—	—
Transfer to retained profits – realised items	(5,215)	(4,955)	—	—
Closing balance	20,101	76,099	—	—
<i>Capital reserve</i>				
Opening balance	(3,470)	(1,636)	(1,556)	(664)
Pre-opening expenses	(483)	(1,735)	(483)	(793)
Transfer to retained profits – unrealised items	(99)	(99)	(99)	(99)
Closing balance	(4,052)	(3,470)	(2,138)	(1,556)
<i>Cash flow hedge reserve</i>				
Opening balance	(2,864)	1,765	(2,864)	1,765
Movement in effective cash flow hedges	871	(4,629)	871	(4,629)
Closing balance	(1,993)	(2,864)	(1,993)	(2,864)
<i>Foreign currency translation reserve</i>				
Opening balance	(18,412)	(1,364)	—	—
Translation of foreign operations	(3,492)	(17,048)	—	—
Closing balance	(21,904)	(18,412)	—	—
<i>Stapled security-based payment reserve</i>				
Opening balance	259	120	—	—
Option expense	129	139	—	—
Closing balance	388	259	—	—
<i>Employee share plan reserve</i>				
Opening balance	(7)	(24)	(7)	(24)
Expense	3	17	3	17
Closing balance	(4)	(7)	(4)	(7)
<i>Performance fee reserve</i>				
Opening balance	1,132	—	1,132	—
Recognition of performance fee	—	1,132	—	1,132
Closing balance	1,132	1,132	1,132	1,132
<i>Goodlife put and call option reserve</i>				
Opening balance	(2,309)	(2,309)	—	—
Gain on buy out of joint venture partner	40	—	—	—
Closing balance	(2,269)	(2,309)	—	—
Total reserves	(8,601)	50,428	(3,003)	(3,295)

Notes to the Financial Statements

For the year ended 30 June 2010

30 Reserves (continued)

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

The capital reserve is used to record one off costs incurred in the identification of new acquisitions or development of new sites which are not able to be capitalised by the Group.

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 issued to employees but not yet exercised under the Group's ESP and the fair value of performance rights issued to employees but not yet exercised under the Group's LTIP (see 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 in settlement for the performance fee earned in the period.

The Group had the option to acquire the non-controlling interests in Ardent Leisure Health Clubs 1 Pty Limited. In accordance with Australian Accounting Standards AASB 132 *Financial Instruments: Presentation*, on first recognition the Group recorded the potential obligation under the put option on the Statement of Financial Position as a financial liability calculated as the present value of the redemption amount on the first exercise date. Under the Group's economic equity approach, the initial recognition of the redemption amount was recorded in the Goodlife put and call option reserve. Movements in the financial liability due to changes in the expected redemption amount and unwinding of the present value discount will be taken to the Income Statement as finance costs in subsequent periods. During the period, the Group acquired the remaining interest in Ardent Leisure Health Clubs 1 Pty Limited but due to the accounting standards, the reserve will remain. In addition, during the period, the Group acquired the remaining interest in Macquarie Goodlife Unincorporated Joint Venture. The purchase price was \$40,000 lower than the net assets of the entity resulting in a reserves adjustment.

31 Retained profits

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Retained profits – realised items</i>				
Opening balance	49,779	40,705	20,578	39,751
Distributable earnings	32,976	41,823	29,162	19,240
Available for distribution	82,755	82,528	49,740	58,991
Transfer from asset revaluation reserve of revaluation previously booked on assets sold	12,209	5,664	—	—
Distribution paid and payable	(38,528)	(38,413)	(38,528)	(38,413)
Closing balance	56,436	49,779	11,212	20,578

The distribution of 4.25 cents per stapled security for the half year ended 30 June 2010 totalling \$13.1 million had not been declared at year end. This will be paid on or before 31 August 2010 as described in Note 43.

During the period, the Group sold nine AMF bowling freehold properties for \$35.1 million. Six of the properties have been leased back to the Group on long term leases. A gain of \$1.6 million was recorded in the year. Revaluations totalling \$12.2 million were recorded on these properties in previous periods, so consequently a gain of \$13.8 million was realised over the term of the Group's investment in these properties.

31 Retained profits (continued)

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Retained profits – unrealised items</i>				
Opening balance	(7,108)	27,542	72,994	147,686
Property valuation gains/(losses)	3,273	(26,804)	(43,069)	(67,584)
Transfer from capital reserve	582	1,834	582	892
Transfer from asset revaluation reserve	(3,591)	—	—	—
Straight lining of fixed rent increases	(1,879)	(1,889)	(1,218)	(694)
Unrealised (losses)/gains on derivative financial instruments	286	(7,306)	286	(7,306)
Unrealised loss on Goodlife put and call option	(38)	2,471	—	—
Tax expense on unrealised foreign exchange in ALL	—	1,065	—	—
Impairment of goodwill	(8,514)	(1,327)	—	—
Amortisation of Goodlife intangible assets	(2,645)	(3,848)	—	—
Tax impact of amortisation of Goodlife intangible assets	794	1,154	—	—
Closing balance	(18,840)	(7,108)	29,575	72,994
Total retained profits	37,596	42,671	40,787	93,572

32 Business combinations

Current period

Ardent Leisure Management Limited

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

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

	\$'000
<i>Purchase consideration:</i>	
Cash paid	16,912
Total purchase consideration	16,912
Fair value of net identifiable assets acquired	(88)
Goodwill	17,000

The goodwill was considered to be a corporate asset and was allocated to the other CGUs based on EBITDA for the year ended 30 June 2009. As part of the goodwill acquired was allocated to CGUs where the assets were already held at fair value, an impairment charge of \$8,514,000 was recorded in the period (see Note 20).

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

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

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For the year ended 30 June 2010

32 Business combinations (continued)

Current period (continued)

QDeck

On 18 December 2009, the Group acquired QDeck, an observation deck in Surfers Paradise, Queensland, for \$13.3 million. Transaction costs totalling \$0.3 million were incurred on this project and expensed.

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

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

	\$'000
<i>Purchase consideration:</i>	
Cash paid	13,279
Total purchase consideration	13,279
Fair value of net identifiable assets acquired	9,695
Goodwill	3,584

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

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	14	14
Inventories	37	37
Other current assets	115	115
Freehold land and buildings	9,000	9,000
Property, plant and equipment	699	699
Deferred tax assets	17	17
Payables	(130)	(130)
Employee provision	(57)	(57)
Net identifiable assets acquired	9,695	9,695

Zest WA

On 12 April 2010, the Group acquired seven health clubs in Western Australia from Zest Health Clubs Limited. The purchase consideration was \$4.2 million and was payable \$1 million in cash and the rest in equity. 1,916,248 stapled securities were issued based on average daily VWAP for the ten business days after the announcement on 18 January 2010 which was \$1.66 per security. The fair value of the stapled securities issued in the Group on the date of settlement, 12 April 2010, was \$1.3354 per stapled security meaning that the fair value of the acquisition was \$3.5 million. Transaction costs totalling \$0.3 million were incurred on this project and expensed.

The acquired business contributed revenues of \$2.6 million and a net loss of \$0.2 million to the Group for the period from 12 April 2010 to 30 June 2010 which included a one off cost of \$0.5 million for closing one centre. If the acquisition had occurred on 1 July 2009, the consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been revenue of \$12.7 million and a profit of \$0.4 million including the one off charge for closing the centre.

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

	\$'000
<i>Purchase consideration:</i>	
Cash paid	956
Equity issued	2,559
Total purchase consideration	3,515
Fair value of net identifiable assets acquired	420
Goodwill	3,095

32 Business combinations (continued)

Current period (continued)

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

	Acquiree's carrying amount \$'000	Fair value \$'000
Inventories	8	8
Other current assets	192	192
Property, plant and equipment	425	460
Customer relationship intangible asset	—	1,571
Deferred tax assets	495	495
Payables	(1,604)	(1,604)
Employee provision	(231)	(231)
Deferred tax liabilities	—	(471)
Net identifiable assets acquired	(715)	420

Playtime

On 7 May 2010, the Group acquired Playtime for \$2.4 million. Playtime consists of two amusement machine centres in Sydney, NSW. Transaction costs totalling \$0.2 million were incurred on this project and expensed.

The acquired business contributed revenues of \$0.3 million and a net profit of \$46,000 to the Group for the period from 7 May 2010 to 30 June 2010. If the acquisition had occurred on 1 July 2009, the consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been revenue of \$2.6 million and a profit of \$0.4 million.

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

	\$'000
<i>Purchase consideration:</i>	
Cash paid	2,425
Total purchase consideration	2,425
Fair value of net identifiable assets acquired	1,098
Goodwill	1,327

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

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	58	58
Inventories	60	60
Other current assets	45	45
Property, plant and equipment	950	950
Deferred tax assets	5	5
Employee provision	(20)	(20)
Net identifiable assets acquired	1,098	1,098

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32 Business combinations (continued)

Prior year

Ardent Boat Share

On 22 September 2008, the Group acquired the remaining 44% interest in Ardent 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
<i>Purchase consideration:</i>	
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 ALL 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)

Summary of Group and parent purchase considerations during the year

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>Outflow of cash to acquire businesses, net of cash acquired</i>				
Cash consideration	35,148	—	9,635	9,917
Additional costs from prior year acquisitions	—	475	—	—
Less balances acquired:				
Cash and cash equivalents	(126)	—	—	—
Less:				
Deferred settlement	—	875	—	—
	(126)	875	—	—
Outflow of cash	35,022	1,350	9,635	9,917

33 Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash includes cash at banks. Cash as at 30 June 2010 as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash at bank	11,772	12,105	75	2,096
Cash on deposit	71	100	—	—
Total cash and cash equivalents	11,843	12,205	75	2,096

Cash on deposits at call bear an average floating interest rate of 3.64% per annum (2009: 2.95% per annum). Deposits have an average maturity of 30 days.

34 Cash flow information

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
<i>a) Reconciliation of profit/(loss) to net cash flows from operating activities</i>				
Profit/(loss)	19,060	(796)	(14,839)	(57,476)
<i>Non-cash items</i>				
Finance charge attributable to minority interests	(1,223)	(1,478)	—	—
Depreciation of PPE	25,928	24,642	9,743	9,100
Amortisation	2,807	4,016	99	99
Depreciation of livestock	49	56	—	—
Impairment of goodwill	8,514	1,327	—	—
Stapled security-based payments	258	139	—	—
Performance fee	—	1,132	—	1,132
Provision for doubtful debts	125	125	—	—
Provision for stock obsolescence	44	—	—	—
Gain/loss on sale of PPE	(2,155)	3,748	(1,357)	153
Loss on sale of livestock	30	50	—	—
Net foreign exchange difference	24	239	2,994	18,187
Property valuation (gains)/losses	(3,273)	26,804	43,069	67,584
<i>Classified as financing activities</i>				
Borrowing costs	16,942	17,914	16,236	18,254
<i>Classified as investing activities</i>				
Distributions received	—	—	(7,541)	(1,238)
Unrealised (gains)/losses on derivatives	(248)	4,835	(286)	7,306
<i>Changes in asset and liabilities:</i>				
Decrease/(increase) in assets				
— Receivables	2,364	2,527	1,527	2,388
— Inventories	198	(572)	—	—
— Other assets	(1,464)	(1,294)	(761)	398
Increase/(decrease) in liabilities				
— Payables and other liabilities	2,185	2,510	(1,136)	1,339
— Provisions	(408)	393	—	—
— Current tax assets/liabilities	180	(2,709)	—	—
— Deferred tax liabilities	(1,013)	(1,365)	—	—
Net cash flows from operating activities	68,924	82,243	47,748	67,226

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	11,534	12,198	10,603	12,073
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Notes to the Financial Statements

For the year ended 30 June 2010

35 Net tangible assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000
Net tangible assets are calculated as follows:		
Total assets	696,979	745,092
Less: Intangible assets	(138,643)	(125,322)
Less: Total liabilities	(273,278)	(335,174)
Net tangible assets	285,058	284,596
Total number of stapled securities on issue	308,768,308	241,064,789
Net tangible asset backing per stapled security	\$0.92	\$1.18

36 Related party disclosures

a) Directors

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

Neil Balnaves, AO (Chairman)
 Anne Keating
 Roger Davis (appointed 1 September 2009)
 George Venardos (appointed 22 September 2009)
 Greg Shaw (appointed 22 September 2009)
 George Bennett (resigned 28 February 2010)
 John Wright (resigned 1 September 2009)
 Simon Jones (resigned 1 September 2009).

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

Neil Balnaves, AO (Chairman)
 Anne Keating
 Roger Davis
 George Venardos (appointed 22 September 2009)
 Greg Shaw (appointed 22 September 2009)
 George Bennett (appointed 1 September 2009 and resigned 28 February 2010)
 John Wright (resigned 1 September 2009).

b) Parent entity

The parent entity of the Group is Ardent Leisure Trust.

c) Controlled entities

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

d) Transactions with related parties

Macquarie Group Limited (Macquarie) owned 100% of the Manager of the Trust until 1 September 2009 and so was considered a related party until that date. ALL acquired all of the shares of the Manager of the Trust on 1 September 2009 for \$17 million.

Related bodies corporate of the Manager held nil stapled securities as at 30 June 2010 (2009: 12,207,667 stapled securities).

Macquarie was not reimbursed for the cost of providing accounting services to the Trust for the 2 months ended 31 August 2009 (year ended 30 June 2009: \$234,000). Macquarie was reimbursed \$28,527 (year ended 30 June 2009: \$357,500) for management and company secretarial services provided to ALL for the 2 months ended 31 August 2009. In addition, the \$17 million paid to Macquarie for all of the shares of the Manager included the settlement of an additional \$960,000 for other reimbursable costs which would have otherwise been recharged by Macquarie for the year ended 30 June 2009.

Macquarie Asset Services Limited was paid \$137,375 (2009: \$354,658) for property consulting provided for the year. This includes costs incurred after the acquisition of the Manager but for work contracted before acquisition.

Before the Manager was acquired by the Group, the Manager received a base management fee of \$426,586 (2009: \$3,002,449). In addition, a performance fee of \$nil (2009: \$1,132,023) was provided for. The performance fee payable for the year ended 30 June 2009 was waived as part of the agreement for the Group to acquire the Manager from Macquarie for \$17 million on 1 September 2009. Refer to Note 7 for further details on the Manager's fees.

Transactions with key management personnel are shown in Note 37.

36 Related party disclosures (continued)

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:

	Consolidated 2010 \$	Consolidated 2009 \$	Parent 2010 \$	Parent 2009 \$
Revenue from rentals received from related parties	—	—	68,269,422	74,262,275
Interest received from related parties	—	—	7,278,475	11,450,367
	—	—	75,547,897	85,712,642

In addition to the above transactions, the Trust will reimburse ALL for any costs ALL 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.

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

	Consolidated 2010 \$	Consolidated 2009 \$	Parent 2010 \$	Parent 2009 \$
Interest bearing receivables from related parties	—	—	150,455,864	128,861,195
Related party receivables	—	—	—	2,794,800
Related party payables	—	—	(835,331)	—
	—	—	149,620,533	131,655,995

37 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. Prior to the internalisation of the Manager on 1 September 2009, the Manager and the Directors of ALL met the definition of KMP as they had this authority in relation to the activities of the Group. These powers had not been delegated by the Manager or Directors of ALL to any other person. The management fee paid to the Manager is disclosed in Note 7.

Subsequent to the Group acquiring all of the shares of the Manager from Macquarie, the definition of KMP has been reviewed. For the year ended 30 June 2010, KMP is considered to also include senior executives employed by the Group. As at 30 June 2010, the KMP are considered to be:

Neil Balnaves, AO (Chairman)
 Anne Keating (Director)
 Roger Davis (Director)
 George Venardos (Director)
 Greg Shaw (Director and CEO)
 Richard Johnson (CFO)
 Noel Dempsey (CEO – Theme parks)
 Roy Menachemson (CEO – Development)
 Jordan Rodgers (CEO – Bowling)
 Greg Oliver (CEO – Health clubs)
 Charlie Keegan (CEO – Main Event)
 Craig Karpin (CEO – Marinas)

There have been no changes to KMP since 30 June 2010.

Notes to the Financial Statements

For the year ended 30 June 2010

37 Key management personnel (continued)

a) Key remuneration objectives

As part of the internalisation of the Manager approved by securityholders on 27 August 2009 the Directors placed an important focus on establishing an appropriate remuneration structure for executives transferring to the Group from Macquarie Group Limited (Macquarie).

In order to adequately remunerate both the Chief Executive Officer and Chief Financial Officer in view of the new Group structure and their transition from Macquarie, the Directors engaged Ernst & Young as external consultants to undertake a market assessment of their proposed remuneration packages. The contractual remuneration negotiated with the Chief Executive Officer and Chief Financial Officer were included for securityholder reference in the notice of meeting for the 27 August 2009 combined general meetings and are set out below.

Position	Base salary	Short term incentive (STI)	Long term incentive (LTI)	Total target remuneration
Chief Executive Officer	\$750,000	50%	50%	\$1,500,000
Chief Financial Officer	\$400,000	50%	50%	\$800,000

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

b) Remuneration framework and strategy

The objective of the Group's executive framework is to attract and retain high quality executives by ensuring that executive remuneration is competitive with prevailing employment market conditions and sufficiently aligned to the Group's results. The framework seeks to align executive reward with the achievement of strategic objectives and in particular, the creation of sustainable value for the Group's securityholders. In addition, the Board seeks to have reference to market best practice to ensure that executive remuneration remains:

- Market competitive;
- Reasonable and aligned to performance; and
- Transparent to our Stakeholders.

i) Non-Executive Directors

Fees paid to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors.

Non-executive Directors' fees are reviewed annually by the Board after a separate review undertaken by the Remuneration and Nomination Committee.

Non-Executive Directors are paid solely by the way of directors' fees and do not participate in any equity or short term cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum aggregate of directors' fees payable to Directors of the Group is set out in clause 16.1 of the Constitution of ALL. The maximum total aggregate level of directors' fees payable by the Group is \$740,000 per annum and was set by securityholders at the 29 October 2009 general meeting.

In 2009, the Board approved a simplified structure for calculating directors' fees. The simplified fee structure takes into account individual Directors' duties and service and was applied from 1 September 2009.

Position	Annual fee
Chairman	\$175,000
Other Non-Executive Director	\$110,000
Audit & Risk Committee – Chair	\$20,000
– Member	\$15,000
Other Board Committee membership	\$7,500

37 Key management personnel (continued)

b) Remuneration framework and strategy (continued)

ii) Executive pay

The executive pay and reward framework has three components:

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

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

Base pay	Performance incentives	
	Short term	Long term
A total employment cost which can be made up of a mix of cash salary, non-financial benefits such as provision of a motor vehicle and employer superannuation contributions.	Cash-based performance bonus set against pre-determined key performance indicators.	Security-based incentive aligned to targeted securityholder returns.
Secure	At risk	At risk

Base pay

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

Performance incentives

Performance incentives may take the form of either STI or LTI.

STI

The STI or bonus programme is designed to reward executives for achievement of a number of key performance indicators (KPIs). These KPIs are usually based on Group, individual business and personal objectives and are not all necessarily financial in nature. Elements of risk mitigation, compliance and strategic initiatives can all be taken into account when setting an executive's KPIs. If an executive achieves their KPIs and should the Group or relevant division achieve a pre-determined profit target, then cash bonuses are awarded by the Remuneration and Nomination Committee. These bonuses are traditionally payable in cash by 30 September each year. Using a profit target ensures variable award is only available when value has been created for securityholders and when profit is consistent with the Group's business plan.

Maximum achievable awards to key management personnel under the STI range between 25% and 50% of an executive's base salary (including superannuation) dependent upon the executive's position.

LTI

The long term incentive plan (LTIP) was established by the Board of Directors in 2009 to replace the Executive Securities Plan and to take into account changes to the Australian taxation regime in relation to employee share plans. Awards of Performance Rights under the LTI range between 10% and 50% of an executive's base salary (including superannuation) dependent upon the executive's role. Further details of the LTI are set out in sections (h) and (i) below. Under the terms of both the ESP and LTIP, participants are not permitted to take out contracts which serve to de-risk their awards.

Alignment with securityholder interests

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

In the 2010 financial year, executive KPIs were set to drive divisional revenue with challenging targets set taking into account the fluctuating economic environment. In this way, the STI targets are used to align executives' remuneration with short term profitability while also incorporating other longer term goals such as safety and operational efficiencies.

The new LTIP further aligns executives' remuneration with long term securityholder returns through the adoption of the total shareholder return performance hurdle. In this way, the LTI provides a direct link between executive reward and securityholder return and offers no benefit to individual executives unless the Group's performance exceeds the 50th percentile of the benchmark ASX Small Industrials index.

c) Details of remuneration – 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 Group. Prior to the internalisation of the Manager of 1 September 2009, the Manager and the Directors of ALL met the definition of KMP as they had this authority in relation to the activities of the Group. These powers had not been delegated by the Manager or the Directors of ALL to any other person. The management fee paid to the Manager is disclosed in Note 7 of the financial statements.

Subsequent to the Group internalisation of the Manager, the definition of KMP has been reviewed. For the year ended 30 June 2010, KMP is considered to also include the Chief Executive Officer, Greg Shaw, the Chief Financial Officer, Richard Johnson, as well as other senior executives employed by the Group. The top five highest paid group executives are included in the definition of KMP.

Notes to the Financial Statements

For the year ended 30 June 2010

37 Key management personnel (continued)

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

Details of the remuneration of KMP of the Group for 2010 and 2009 are set out in the tables on the following pages. The tables set out the total cash benefits paid to the KMP in the relevant period and under the heading “security-based payments”, shows a component of the fair value of the performance rights. The fair value of the performance rights at grant date is recognised over the vesting period as an employee expense. Further details of the fair value calculations are set out in sections (h) and (i) below.

All service and performance criteria were met by executives eligible for a bonus with respect to their performance in the 30 June 2009 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 2010 financial year have been accrued but are subject to approval by the Group's Remuneration and Nomination Committee before payment.

	Short-term benefits		Post-employment benefits		Other long-term benefits			Total cash payment	Security-based payment	Security-based payment	
	Salary	Cash bonus	Super-annuation	Retirement	Retention	Other	Termination			Total	% of total
2010	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Executive Directors											
Greg Shaw ⁽¹⁾											
Chief Executive Officer	580,264	—	44,736	—	—	—	—	625,000	120,600	745,600	16.2%
John Wright ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Simon Jones ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—
Independent Directors											
Neil Balnaves	174,302	—	15,906	—	—	—	—	190,208	—	190,208	—
Anne Keating	104,745	—	12,130	—	—	—	—	116,875	—	116,875	—
Roger Davis	133,965	—	12,285	—	—	—	—	146,250	—	146,250	—
George Venardos ⁽⁴⁾	98,006	—	8,821	—	—	—	—	106,827	—	106,827	—
George Bennett ⁽⁵⁾	68,333	—	—	—	—	—	—	68,333	—	68,333	—
Key Management Personnel											
Richard Johnson ⁽⁶⁾											
Chief Financial Officer	314,232	—	19,101	—	—	—	—	333,333	64,320	397,653	16.2%
Noel Dempsey ⁽⁷⁾											
CEO – Theme parks	320,539	82,468	14,461	—	—	—	—	417,468	26,934	444,402	6.1%
Roy Menachemson ⁽⁷⁾											
CEO – Development	277,739	148,750	72,261	—	—	15,000	—	513,750	25,215	538,965	4.7%
Jordan Rodgers ⁽⁷⁾											
CEO – Bowling	300,539	78,750	13,256	—	—	—	—	392,545	36,081	428,626	8.4%
Leon McNiece ^(7, 8)											
CEO – Health Clubs	304,291	49,350	13,256	—	—	—	—	366,897	(43,761)	323,136	—13.5%
Greg Oliver ^(7, 9)											
CEO – Health Clubs	21,434	—	1,205	—	—	—	—	22,639	—	22,639	—
Charlie Keegan ⁽⁷⁾											
CEO – Main Event	293,558	59,425	—	860	—	—	—	353,843	6,124	359,967	1.7%
Craig Karpin ⁽⁷⁾											
CEO – Marinas	183,556	41,925	26,384	—	—	—	—	251,865	13,507	265,372	5.1%
	3,175,503	460,668	253,802	860	—	15,000	—	3,905,833	249,020	4,154,853	6.0%

37 Key management personnel (continued)

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

	Short-term benefits		Post-employment benefits		Other long-term benefits					
	Salary	Cash bonus	Super-annuation	Retirement	Retention	Other	Termination	Total cash payment	Security-based payment	Total
2009	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors										
John Wright ⁽²⁾	—	—	—	—	—	—	—	—	—	—
Simon Jones ⁽³⁾	—	—	—	—	—	—	—	—	—	—
Independent Directors										
Neil Balnaves	169,725	—	15,275	—	—	—	—	185,000	—	185,000
Anne Keating	133,028	—	11,972	—	—	—	—	145,000	—	145,000
Roger Davis	58,945	—	99,055	—	—	—	—	158,000	—	158,000
George Bennett ⁽⁵⁾	39,450	—	3,550	—	—	—	—	43,000	—	43,000
	401,148	—	129,852	—	—	—	—	531,000	—	531,000

⁽¹⁾ Appointed a Director on 22 September 2009. Prior to 1 September 2009, Greg Shaw was employed by Macquarie and so remuneration paid prior to this date is not included in the table above as it was payable by Macquarie. Stapled security benefits have been accrued based on anticipated benefits issued in the year ended 30 June 2010 but the grant of performance rights is still subject to securityholder approval in accordance with ASX listing rules;

⁽²⁾ Employed by Macquarie and none of his salary was recharged to the Group. John Wright resigned a Director of the Manager and ALL on 1 September 2009;

⁽³⁾ Employed by Macquarie and none of his salary was recharged to the Group. Simon Jones resigned a Director of the Manager on 1 September 2009;

⁽⁴⁾ Appointed a Director on 22 September 2009;

⁽⁵⁾ Resigned as a Director on 28 February 2010;

⁽⁶⁾ Prior to 1 September 2009, Richard Johnson was employed by Macquarie Group Limited and so remuneration paid prior to this date is not included in the table above as it was payable by Macquarie;

⁽⁷⁾ Not considered KMP prior to 1 July 2009 for the reasons described above;

⁽⁸⁾ Leon McNiece resigned on 6 June 2010; and

⁽⁹⁾ Greg Oliver joined the Group as CEO of the Health Club division on 7 June 2010 and is considered KMP from this date.

Prior to 1 September 2009, the Manager was a wholly owned subsidiary of Macquarie Group Limited and therefore directors' fees charged to the Manager prior to this date were payable by Macquarie and so are not included in the table above. The remuneration for Neil Balnaves, George Bennett and Anne Keating excludes \$24,617 (2009: \$178,000) for directors' fees paid or payable by the Manager and not recharged to the Group. The remuneration for Neil Balnaves, George Bennett and Anne Keating includes \$16,666 (2009: \$100,000) for compliance fees and Audit & Risk Committee fees incurred before the internalisation and paid by the Manager to the Independent Directors. These fees are not included in the Directors' fees pool mentioned in section 10(b)(ii) of the Directors' report as these fees were not paid by ALL or its subsidiaries.

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

Security based payments included in the tables above reflect the amounts in the Income Statements of the Group. This amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting date or at year-end for those instruments not yet vested. During the year, no plan securities or performance rights vested (2009: nil) to KMP. If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in KMP compensation would be reduced by \$138,000 to \$111,000.

Notes to the Financial Statements

For the year ended 30 June 2010

37 Key management personnel (continued)

d) Services agreements of key management personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. Each of these agreements provides for the provision of performance related cash bonuses and participation in the Group's long term incentive plan. Other major provisions of the agreements relating to remuneration are set out below. All contracts with executives may be terminated early by either party with up to six months notice, subject to termination payments.

Greg Shaw

Chief Executive Officer

Initial Term

3 years commencing 1 September 2009 with automatic renewal on a year by year basis thereafter.

Base Salary

\$750,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless the executive gives the Group 6 months notice in writing, or the Group gives the executive 12 months notice in writing.

Richard Johnson

Chief Financial Officer

Initial Term

3 years commencing 1 September 2009 with automatic renewal on a year by year basis thereafter.

Base Salary

\$400,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives 6 months notice in writing.

Noel Dempsey

CEO – Theme Parks

Initial Term

No fixed term.

Base Salary

\$335,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

Roy Menachemson

CEO – Development

Initial Term

No fixed term.

Base Salary

\$350,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives six months notice in writing.

Jordan Rodgers

CEO – Bowling

Initial Term

No fixed term.

Base Salary

\$315,000 for the year ended 30 June 2010.

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

Greg Oliver

CEO – Health Clubs

Initial Term

No fixed term.

Base Salary

\$327,000 for the year ended 30 June 2011

Termination

Employment shall continue with the Group unless either party gives three months notice in writing. There is no allowance under the contract for termination by the Group within the first 12 months.

Charlie Keegan

CEO – Main Event

Initial Term

Contract to 19 October 2010 with automatic renewal on a year by year basis thereafter.

Base Salary

US\$247,000 for the year ended 30 June 2010.

Termination

During the contract term, employment shall continue with the Group unless the executive gives 60 days notice to the Group. An early termination payment equal to one year's salary is payable to the executive, if the Group terminates the executive during the contract, other than for gross misconduct.

Craig Karpin

CEO – Marinas Division

Initial Term

No fixed term.

Base Salary

\$210,000 for the year ended 30 June 2010

Termination

Employment shall continue with the Group unless either party gives one month notice in writing.

All base salary amounts are inclusive of any superannuation payment and will be reviewed annually. In addition to the base salary above, Greg Oliver is guaranteed an STI of 30% of his base salary for the first year of his employment being year ending 30 June 2011. There are no contracted termination benefits payable to any KMP except for normal contractual base salary to the end of the KMP's employment.

37 Key management personnel (continued)

e) Directors and KMP equity holdings

The number of stapled securities held directly, indirectly or beneficially by the Directors and KMP or their related entities is:

	Stapled securities held 2010	Stapled securities held 2009
Neil Balnaves, AO	209,043	196,000
Anne Keating	62,743	49,700
Roger Davis	20,000	—
George Venados ⁽¹⁾	45,502	n/a
Greg Shaw ⁽¹⁾	143,294	n/a
George Bennett ⁽²⁾	n/a	159,637
Simon Jones ⁽²⁾	n/a	—
John Wright ⁽²⁾	n/a	—
Richard Johnson ⁽¹⁾	—	n/a
Noel Dempsey ⁽¹⁾	—	n/a
Roy Menachemson ^(1, 3)	71,696	n/a
Jordan Rodgers ^(1, 3)	45,520	n/a
Greg Oliver ⁽¹⁾	—	n/a
Charlie Keegan ⁽¹⁾	—	n/a
Craig Karpin ⁽¹⁾	—	n/a

⁽¹⁾ Director/executive was not considered KMP at 30 June 2009.

⁽²⁾ Director/executive not considered KMP at 30 June 2010.

⁽³⁾ Stapled securities held include securities held under the ESP – see section 10f of the remuneration report.

The aggregate number of stapled securities of the Group acquired or disposed of by Directors and KMP was:

	Stapled securities held 2010	Stapled securities held 2009
Acquisitions		
Neil Balnaves, AO	13,043	—
Anne Keating	13,043	—
Roger Davis	20,000	—
George Venados	45,502	—
George Bennett	—	19,217
Greg Shaw	5,330	—
	96,918	19,217
Disposals		
Roy Menachemson	33,298	—
Jordan Rodgers	22,760	—
	56,058	—

f) Loans to KMP

There were no loans to KMP during the financial year or prior corresponding period apart from those used to by stapled securities in the Group as part of the ESP. As noted in Note 29 a, the loans to executives are non-recourse loans provided by the Trust and are secured by a mortgage over the plan securities.

Notes to the Financial Statements

For the year ended 30 June 2010

37 Key management personnel (continued)

g) Other transactions with KMP

A Director, Neil Balnaves, was a director and shareholder of Southern Cross Broadcasting (Australia) Limited which was 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 ALL 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.

ALL also provided additional consumables during the 2009 financial year to support SSG during its period of television production.

Under clause 16.6 of ALL'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 SSG and ALL:

	Consolidated 2010 \$	Consolidated 2009 \$
Expenses recoverable from SSG	—	(261,410)

During the year, the Group entered into commercial arm's length agreements with companies of interest to Anne Keating and Roger Davis by virtue of their positions of non-executive directors of those companies or their subsidiaries. The Directors fully disclose their interests in accordance with section 195(1) of the Corporations Act 2001.

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.

h) Executive securities plan (ESP)

The ESP was the long term incentives awarded to executives in the Group prior to the adoption of the LTIP in the year ended 30 June 2010. Details of how the ESP operated and the original valuation inputs are shown in Note 29a.

The number of share options on issue and granted to the Group's KMP under the ESP is set out below:

	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Issue price of Plan Securities	Vested and exercisable	Unvested
Roy Menachemson	66,596	—	—	(33,298)	33,298	\$3.00	—	33,298
Jordan Rodgers	68,280	—	—	(22,760)	45,520	\$3.65	—	45,520
Leon McNiece	132,965	—	—	(132,965)	—	\$3.39	—	—
	267,841	—	—	(189,023)	78,818		—	78,818

The options lapsed had nil value at date of lapsing.

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

37 Key management personnel (continued)

h) Executive securities plan (ESP) (continued)

The table below sets out both the valuation maximum value of the plan securities yet to vest has been determined as the amount of the grant date fair value of the plan securities that are yet to be expensed.

	Financial year granted	Vested	Forfeited	Financial years in which most options may vest		Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%	Year	Number	\$	\$
Roy Menachemson	2007 – ESP	—	—	2009 2010 2011	— — 33,298	—	6,127
Jordan Rodgers	2008 – ESP	—	—	2010 2011 2012	— 22,760 22,760	—	27,350

i) Long term incentive plan (LTIP)

The LTIP is the long term incentive scheme awarded to executives of the Group from 1 July 2009. Details of how the LTIP operated and the valuation inputs are disclosed in Note 29b.

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

	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Greg Shaw ⁽¹⁾	—	588,974	—	—	588,974	—	588,974
Richard Johnson	—	314,120	—	—	314,120	—	314,120
Noel Dempsey	—	131,538	—	—	131,538	—	131,538
Roy Menachemson	—	109,942	—	—	109,942	—	109,942
Jordan Rodgers	—	123,685	—	—	123,685	—	123,685
Craig Karpin	—	65,965	—	—	65,965	—	65,965
Equity-settled	—	1,334,224	—	—	1,334,224	—	1,334,224
Charlie Keegan	—	77,588	—	—	77,588	—	77,588
Cash-settled	—	77,588	—	—	77,588	—	77,588
Total rights issued	—	1,411,812	—	—	1,411,812	—	1,411,812

⁽¹⁾ As a Director, Greg Shaw's grant of performance rights under the LTIP is subject to securityholder approval at the 2010 annual general meeting.

The 2009 LTIP grants to executives were the first long term incentives issued to executives since Plan Securities were issued in January 2008 under the ESP (see section (h) above). Because the LTIP performance rights cannot vest until the 2nd, 3rd or 4th financial years from grant date there will be a considerable gap between grant and vesting date.

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

Under the terms of the initial grant, performance rights under the LTIP were allocated on the basis of a valuation dated 11 November 2009. A valuation difference of \$0.2033 per performance rights between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

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For the year ended 30 June 2010

37 Key management personnel (continued)

i) Long term incentive plan (LTIP) (continued)

The table below sets out both the valuation maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that are yet to be expensed.

	Financial year granted	Vested	Forfeited	Financial years in which most options may vest		Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
		%	%	Year	Number	\$	\$
Greg Shaw ⁽¹⁾	2010 – LTIP	—	—	2012	196,324	—	524,187
				2013	196,325		
				2014	196,325		
Richard Johnson	2010 – LTIP	—	—	2012	104,706	—	279,567
				2013	104,707		
				2014	104,707		
Noel Dempsey	2010 – LTIP	—	—	2012	43,846	—	117,069
				2013	43,846		
				2014	43,846		
Roy Menachemson	2010 – LTIP	—	—	2012	36,647	—	97,848
				2013	36,647		
				2014	36,648		
Jordan Rodgers	2010 – LTIP	—	—	2012	41,228	—	110,080
				2013	41,228		
				2014	41,229		
Charlie Keegan	2010 – LTIP	—	—	2012	25,862	—	28,708
				2013	25,862		
				2014	25,864		
Craig Karpin	2010 – LTIP	—	—	2012	21,988	—	58,709
				2013	21,988		
				2014	21,989		

⁽¹⁾ As a Director, Greg Shaw's grant of performance rights under the LTIP is subject to securityholder approval at the 2010 annual general meeting.

38 Segment information

Business segments

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

Theme Parks

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

Marinas

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

Bowling centres

This segment comprises 49 centres located in Australia and New Zealand.

Family entertainment centres

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

Health clubs

This comprises 38 centres in Queensland, New South Wales, Victoria, South Australia and Western Australia.

Other

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

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

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

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

38 Segment information (continued)

Other (continued)

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

Business segment 2010

	Theme Parks \$'000	Marinas \$'000	Bowling \$'000	Family entertainment centres \$'000	Health clubs \$'000	Other \$'000	Total \$'000
Revenue from operating activities	98,617	22,684	102,015	51,978	73,385	1,721	350,400
Divisional EBITDA before property costs ⁽¹⁾	33,236	11,991	32,621	16,692	27,083	586	122,209
Divisional EBITDA ⁽²⁾	31,075	9,591	13,973	9,939	12,656	586	77,820
Depreciation and amortisation ⁽³⁾	(4,499)	(735)	(5,615)	(4,970)	(3,616)	(1,489)	(20,924)
Divisional EBIT ⁽⁴⁾	26,576	8,856	8,358	4,969	9,040	(903)	56,896
Pre-opening expenses, straight lining of rent, IFRS depreciation, Goodlife intangible asset amortisation and impairment of goodwill not included in divisional EBIT ⁽⁴⁾							(18,736)
Property valuation gains							3,273
Derivative gains							685
Corporate expenses (includes head office costs, interest income, foreign exchanges gains and losses and gains and losses on disposal of assets)							(8,088)
Borrowing costs							(16,942)
Net tax benefit							749
Finance costs attributable to non-controlling interest holders							1,223
Profit							19,060
Total assets	279,089	89,339	107,188	103,093	101,176	17,094	696,979
Acquisitions of property, plant and equipment, investment properties and intangible assets	17,172	2,935	16,830	5,267	8,664	17,620	68,488

⁽¹⁾ Excludes pre-opening expenses of \$483,000.

⁽²⁾ Excludes straight lining of rent of \$1,879,000 and pre-opening expenses of \$483,000.

⁽³⁾ Excludes IFRS depreciation of \$5,215,000 and amortisation of Goodlife intangible assets totalling \$2,645,000.

⁽⁴⁾ Excludes pre-opening expenses of \$483,000, straight lining of rent of \$1,879,000, IFRS depreciation of \$5,215,000, amortisation of Goodlife intangibles assets of \$2,645,000 and impairment of goodwill of \$8,514,000.

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For the year ended 30 June 2010

38 Segment information (continued)

Business segment 2009

	Theme Parks \$'000	Marinas \$'000	Bowling \$'000	Family entertainment centres \$'000	Health clubs \$'000	Other \$'000	Total \$'000
Revenue from operating activities	103,589	22,727	106,072	62,894	69,356	1,367	366,005
Divisional EBITDA before property costs ⁽¹⁾	38,576	11,840	34,316	20,607	26,068	(264)	131,143
Divisional EBITDA ⁽²⁾	36,802	9,284	19,640	12,569	13,720	(264)	91,751
Depreciation and amortisation ⁽³⁾	(4,463)	(752)	(4,832)	(5,045)	(3,056)	(1,763)	(19,911)
Divisional EBIT ⁽⁴⁾	32,339	8,532	14,808	7,524	10,664	(2,027)	71,840
Pre-opening expenses, straight lining of rent, IFRS depreciation, Goodlife intangible asset amortisation and impairment of goodwill not included in Divisional EBIT ⁽⁴⁾							(13,754)
Property valuation losses							(26,804)
Derivative losses							(3,932)
Corporate expenses (includes head office costs, interest income, foreign exchanges gains and losses and gains and losses on disposal of assets)							(13,685)
Borrowing costs							(17,914)
Net tax benefit							1,975
Finance costs attributable to non-controlling interest holders							1,478
Loss							(796)
Total assets	313,937	83,831	126,661	110,655	97,050	12,958	745,092
Acquisitions of property, plant and equipment, investment properties and intangible assets	6,486	2,280	11,987	17,317	7,744,3	3	45,817

⁽¹⁾ Excludes pre-opening expenses of \$1,735,000.

⁽²⁾ Excludes straight lining of rent of \$1,889,000 and pre-opening expenses of \$1,735,000.

⁽³⁾ Excludes IFRS depreciation of \$4,955,000 and amortisation of Goodlife intangible assets totalling \$3,848,000.

⁽⁴⁾ Excludes pre-opening expenses of \$1,735,000, straight lining of rent of \$1,889,000, IFRS depreciation of \$4,955,000, amortisation of Goodlife intangible assets of \$3,848,000 and impairment of goodwill of \$1,327,000.

Reconciliation to prior period financial statements

	Theme Parks \$'000	Marinas \$'000	Bowling \$'000	Family entertainment centres \$'000	Health clubs \$'000	Other \$'000	Total \$'000
Divisional EBIT per prior period	29,664	8,123	12,993	6,582	3,489	(2,765)	58,086
<i>Removal of non-core items not included in management's assessment of divisional EBIT</i>							
Pre-opening expenses	—	—	124	942	669	—	1,735
Straight lining of rent	—	—	694	—	1,195	—	1,889
IFRS depreciation	2,675	—	997	—	1,283	—	4,955
Amortisation of Goodlife intangible assets	—	—	—	—	3,848	—	3,848
Impairment of goodwill	—	409	—	—	180	738	1,327
Revised 2009 divisional EBIT	32,339	8,532	14,808	7,524	10,664	(2,027)	71,840

39 Capital and financial risk management

a) Capital risk management

The Group's objectives when managing capital is to optimise stapled security holder value through the mix of available capital sources 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 programme or selling assets to reduce borrowings.

The Group has a target gearing of 30% to 35% of debt to debt plus equity. At 30 June 2010, gearing was 32.0% (2009: 39.1%) compared to Group's banking covenant of 45%.

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, the Group repaid all of its USD borrowings leaving the Group's equity in USD denominated assets exposed to movements in the USD. In June 2009, the Group acquired a new US\$10 million loan facility to partially mitigate this risk. 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 FRM policy. Such instruments are used exclusively for hedging purposes i.e. not for trading or speculative purposes.

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. In November 2008, the USD borrowings of the Trust were converted into AUD.

Notes to the Financial Statements

For the year ended 30 June 2010

39 Capital and financial risk management (continued)

c) Financial risk (continued)

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	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Assets						
Cash and cash equivalents	8,780	9,066	482	327	2,581	2,812
Receivables and other current assets	16,702	14,638	578	352	3,381	5,735
Derivative financial instruments	420	255	—	—	—	—
Properties held for sale	16,500	50,081	—	—	—	—
Investment properties	84,186	79,402	—	—	—	—
Property, plant and equipment	367,891	397,096	1,896	1,655	48,135	51,734
Intangible assets	88,492	73,214	3,156	3,097	46,995	49,011
Other non-current assets	5,369	4,705	36	20	1,399	1,892
Total assets	588,340	628,457	6,148	5,451	102,491	111,184
Liabilities						
Payables and other current liabilities	53,375	44,167	856	472	5,071	6,031
Derivative financial instruments	2,046	2,984	—	—	5,809	5,922
Interest bearing liabilities	194,345	250,746	—	—	5,383	11,933
Other non-current liabilities	3,245	9,572	—	—	3,148	3,347
Total liabilities	253,011	307,469	856	472	19,411	27,233
Net assets	335,329	320,988	5,292	4,979	83,080	83,951
Notional value of derivatives to hedge foreign exchange exposure			(5,189)	(5,092)	(5,815)	(9,133)
Net exposure to foreign exchange movements	335,329	320,988	103	(113)	77,265	74,818

39 Capital and financial risk management (continued)

c) Financial risk (continued)

	Australian dollars		New Zealand dollars		US dollars	
Parent	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Assets						
Cash and cash equivalents	75	2,084	—	—	—	12
Receivables and other current assets	139	2,724	10	10	280	376
Derivative financial instruments	420	255	—	—	—	0
Properties held for sale	16,500	50,081	—	—	—	—
Investment properties	312,192	345,594	—	—	—	—
Property, plant and equipment	97,969	88,036	—	—	—	—
Interest bearing receivables	74,948	52,646	1,640	1,505	73,867	74,710
Intangible assets	297	396	—	—	—	—
Other non-current assets	53,104	52,525	—	—	—	—
Total assets	555,644	594,341	1,650	1,515	74,147	75,098
Liabilities						
Payables and other current liabilities	6,689	7,655	—	—	28	38
Derivative financial instruments	2,046	2,984	—	—	5,809	5,922
Interest bearing liabilities	194,284	250,665	—	—	—	—
Total liabilities	203,019	261,304	—	—	5,837	5,960
Net assets	352,625	333,037	1,650	1,515	68,310	69,138
Notional value of derivatives to hedge foreign exchange exposure	—	—	(5,189)	(5,092)	(5,815)	(9,133)
Net exposure to foreign exchange movements	352,625	333,037	(3,539)	(3,577)	62,495	60,005

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, core earnings or equity, while a positive amount reflects a net potential increase.

	Profit movement		Core earnings movement		Total equity movement	
Consolidated	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
AUD:NZD – increase 10%	(9)	10	—	—	(9)	10
AUD:NZD – decrease 10%	10	(11)	—	—	10	(11)
AUD:USD – increase 10%	(7,024)	(6,801)	—	—	(7,024)	6,801
AUD:USD – decrease 10%	7,727	7,482	—	—	7,727	(7,482)
Parent	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
AUD:NZD – increase 10%	322	325	—	—	322	325
AUD:NZD – decrease 10%	(354)	(358)	—	—	(354)	(358)
AUD:USD – increase 10%	(5,681)	(5,455)	—	—	(5,681)	(5,455)
AUD:USD – decrease 10%	6,250	6,001	—	—	6,250	6,001

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For the year ended 30 June 2010

39 Capital and financial risk management (continued)

c) Financial risk (continued)

Foreign income

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

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 two years for US dollar distributable earnings at average exchange rates of A\$1.00 = US\$0.7594 (2009: A\$1.00 = US\$0.7574). No hedging has been done over NZD income given the small level of NZD profits. As such, the Group has no material core earnings exposure to movements in USD exchange rates for the next two years.

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, core earnings or equity, while a positive amount reflects a net potential increase.

	Australian interest		US interest	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Consolidated				
<i>Fixed rates</i>				
Interest bearing liabilities	(61)	(80)	—	—
	(61)	(80)		
<i>Floating rates</i>				
Cash and cash equivalents	9,262	9,393	2,581	2,812
Interest bearing receivables	606	899	—	—
Interest bearing liabilities	(194,700)	(251,320)	(5,826)	(12,394)
	(184,832)	(241,028)	(3,245)	(9,582)
Interest rate swaps	75,000	75,000	53,482	55,778
Net interest rate exposure	(109,832)	(166,028)	50,237	46,196

Refer to note 14 for further details on the interest rate swaps.

	Australian interest		US interest	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Parent				
<i>Floating rates</i>				
Cash and cash equivalents	75	2,084	—	12
Interest bearing receivables	76,589	54,151	73,867	74,710
Interest bearing liabilities	(194,700)	(251,320)	—	—
	(118,036)	(195,085)	73,867	74,722
Interest rate swaps	75,000	75,000	53,482	55,778
Net interest rate exposure	(43,036)	(120,085)	127,349	130,500

39 Capital and financial risk management (continued)

c) Financial risk (continued)

Sensitivity

	Profit movement		Core earnings movement		Total equity movement	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Consolidated						
1% increase in USD rates	2,278	828	728	676	1,549	2,366
1% decrease in USD rates	(2,278)	(828)	(728)	(676)	(1,549)	(2,366)
1% increase in AUD rates	(1,175)	(1,824)	(1,098)	(1,660)	1,296	1,729
1% decrease in AUD rates	1,175	1,824	1,098	1,660	(1,296)	(1,729)

	Profit movement		Core earnings movement		Total equity movement	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Parent						
1% increase in USD rates	1,283	1,420	1,237	1,268	1,549	2,366
1% decrease in USD rates	(1,283)	(1,420)	(1,237)	(1,268)	(1,549)	(2,366)
1% increase in AUD rates	(507)	(1,364)	(430)	(1,201)	1,296	1,729
1% decrease in AUD rates	507	1,364	430	1,201	(1,296)	(1,729)

At balance date, the Group has fixed 64.1% (2009: 50%) of its net floating interest exposure.

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 2010. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the value shown in the Statement of Financial Position. Repayments which are subject to notice are treated as if notice were given immediately.

	Book value 2010 \$'000	Less than 1 year 2010 \$'000	1 to 2 years 2010 \$'000	2 to 3 years 2010 \$'000	3 to 4 years 2010 \$'000	4 to 5 years 2010 \$'000	Over 5 years 2010 \$'000	Total 2010 \$'000
Consolidated								
Payables	53,202	53,202	—	—	—	—	—	53,202
Finance leases	61	16	49	—	—	—	—	65
Term debt	199,667	12,889	197,471	1,262	1,201	2,915	—	215,738
Interest rates swaps designated as hedges of the term debt	—	3,307	3,094	3,106	783	—	—	10,290
FX swaps – payable leg	—	2,736	2,366	1,067	—	—	—	6,169
Total undiscounted financial liabilities	252,930	72,150	202,980	5,435	1,984	2,915	—	285,464

	Book value 2009 \$'000	Less than 1 year 2009 \$'000	1 to 2 years 2009 \$'000	2 to 3 years 2009 \$'000	3 to 4 years 2009 \$'000	4 to 5 years 2009 \$'000	Over 5 years 2009 \$'000	Total 2009 \$'000
Consolidated								
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
FX swaps – payable leg	—	2,878	2,675	2,467	1,113	9,133	—	—
Total undiscounted financial liabilities	312,237	98,330	69,137	184,284	7,157	6,413	—	365,321

Notes to the Financial Statements

For the year ended 30 June 2010

39 Capital and financial risk management (continued)

d) Liquidity risk (continued)

	Book value 2010 \$'000	Less than 1 year 2010 \$'000	1 to 2 years 2010 \$'000	2 to 3 years 2010 \$'000	3 to 4 years 2010 \$'000	4 to 5 years 2010 \$'000	Over 5 years 2010 \$'000	Total 2010 \$'000
Parent								
Payables	6,717	6,717	—	—	—	—	—	6,717
Term debt	194,284	12,889	196,148	—	—	—	—	209,037
Interest rates swaps designated as hedges of the term debt	—	3,307	3,094	3,106	783	—	—	10,290
FX swaps – payable leg	—	2,736	2,366	1,067	—	—	—	6,169
Total undiscounted financial liabilities	201,001	25,649	201,608	4,173	783	—	—	232,213

	Book value 2009 \$'000	Less than 1 year 2009 \$'000	1 to 2 years 2009 \$'000	2 to 3 years 2009 \$'000	3 to 4 years 2009 \$'000	4 to 5 years 2009 \$'000	Over 5 years 2009 \$'000	Total 2009 \$'000
Parent								
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
FX swaps – payable leg	—	2,878	2,675	2,467	1,113	—	—	9,133
Total undiscounted financial liabilities	258,358	54,121	66,681	182,008	4,813	932	—	308,555

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 Statement of Financial Position.

The Group manages 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.

39 Capital and financial risk management (continued)

e) Credit risk (continued)

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

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash and cash equivalents	11,843	12,205	75	2,096
Receivables – Australasia	1,669	3,267	—	2,423
Receivables – US	1,066	309	—	376
Derivative financial instruments	420	255	420	255
Interest bearing receivables – Australasia	606	899	73,867	54,151
Interest bearing receivables – US	—	—	76,589	74,710
	15,604	16,935	150,951	134,011

The interest bearing receivables held by the parent entity 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	\$'000	\$'000
Consolidated 2010						
Receivables – Australasia	239	541	105	224	257	1,366
Receivables – US	—	—	—	—	—	—
	239	541	105	224	257	1,366
Consolidated 2009						
Receivables – Australasia	967	615	218	516	164	2,480
Receivables – US	—	—	—	—	—	—
	967	615	218	516	164	2,480
Parent 2010						
Receivables – Australasia	—	—	—	—	—	—
Receivables – US	—	—	—	—	—	—
	—	—	—	—	—	—
Parent 2009						
Receivables – Australasia	—	—	—	—	—	—
Receivables – US	—	—	—	—	—	—
	—	—	—	—	—	—

Based on a review of receivables by management, a provision of \$150,000 (2009: \$138,000) has been provided against receivables with a gross balance of \$257,000 (2009: \$164,000).

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.

Notes to the Financial Statements

For the year ended 30 June 2010

39 Capital and financial risk management (continued)

f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following tables present the Group's and the parent entity's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Consolidated	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments	—	420	—	420
Total assets	—	420	—	420
Liabilities				
Derivative financial instruments	—	7,855	—	7,855
Total liabilities	—	7,855	—	7,855
Parent				
Assets				
Derivative financial instruments	—	420	—	420
Total assets	—	420	—	420
Liabilities				
Derivative financial instruments	—	7,855	—	7,855
Total liabilities	—	7,855	—	7,855

All derivative financial instruments were valued based on valuations received from the counterparty at 30 June 2010. For financial instruments not held at fair value, the carrying value of these financial instruments approximates to their fair value.

40 Contingent liabilities

Unless otherwise disclosed in the financial statements, there are no material contingent liabilities.

41 Capital and lease commitments

a) Capital commitments

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

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Property, plant and equipment Payable:				
Within one year	4,009	477	—	—
	4,009	477	—	—

b) Lease commitments

The majority of the non-cancellable operating leases relate to property leases.

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Within one year	38,533	29,757	17,761	12,515
Later than one year but not later than five years	137,237	114,307	66,096	46,955
Later than five years	159,366	162,831	65,741	51,559
	335,136	306,895	149,598	111,029
Representing:				
Cancellable operating leases	48	73	—	—
Non-cancellable operating leases	335,023	306,732	149,598	111,029
Finance leases	65	90	—	—
	335,136	306,895	149,598	111,029

Commitments in relation to finance leases are payable as follows:

Within one year	15	23	—	—
Later than one year but not later than five years	50	67	—	—
Minimum lease payments	65	90	—	—
Less: Future finance charges	(4)	(9)	—	—
Total lease liabilities	61	81	—	—
Representing lease liabilities:				
Current	15	23	—	—
Non-current	46	58	—	—
	61	81	—	—

The Group leases various plant and equipment with a carrying value of \$62,000 (2009: \$93,000) under finance leases which expire within one to five years. The weighted average interest rate implicit in the leases is 8.29% per annum (2009: 8.29% per annum).

Notes to the Financial Statements

For the year ended 30 June 2010

42 Deed of cross guarantee

In 2006, ALL, 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. In 2010, ALL, Ardent Leisure Health Clubs 1 Pty Limited, Ardent Leisure Health Clubs 2 Pty Limited, Goodlife Health Clubs Pty Limited, Goodlife Operations Pty Limited, Ardent Boat Share Pty Limited and Ardent Boat Share Finance Limited entered into the deed of cross guarantee under which each company guarantees the debts of the others.

By entering into the deeds, Bowling Centres Australia Pty Limited, Ardent Leisure Health Clubs 1 Pty Limited and Ardent Boat Share Finance Limited have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

a) Consolidated Income Statement

ALL, Bowling Centres Australia Pty Limited, Ardent Leisure Health Clubs 1 Pty Limited, Ardent Leisure Health Clubs 2 Pty Limited, Goodlife Health Clubs Pty Limited, Goodlife Operations Pty Limited, Ardent Boat Share Pty Limited and Ardent Boat Share Finance Limited represent a 'Closed Group' for the purposes of the Class Order. The Closed Group in the prior period only consisted of ALL and Bowling Centres Australia Pty Limited.

Tidebelt Pty Limited, BowlAustralia Holdings Pty Limited and Bowling Centres Australia Catering Services Pty Limited are also wholly owned subsidiaries of ALL 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 2010 of the Closed Group:

	2010 \$'000	2009 \$'000
Revenue from operating activities	279,878	220,431
Purchases of finished goods	(29,441)	(29,214)
Salary and employee benefits	(107,455)	(76,269)
Borrowing costs	(7,089)	(2,184)
Property expenses	(81,014)	(71,156)
Advertising and promotions	(14,492)	(11,180)
Repairs and maintenance	(12,581)	(10,581)
Pre-opening expenses	(483)	(124)
Depreciation and amortisation	(6,447)	(690)
Impairment of goodwill	—	(409)
Other expenses	(27,278)	(17,913)
Loss)/profit before tax benefit	(6,402)	711
Income tax benefit	2,704	263
Loss)/profit	(3,698)	974

b) Consolidated Comprehensive Income Statement

Set out below is a consolidated Comprehensive Income Statement for the year ended 30 June 2010 of the Closed Group:

	2010 \$'000	2009 \$'000
Loss)/profit	(3,698)	974
Other comprehensive income for the period	—	—
Total comprehensive income for the period	(3,698)	974

42 Deed of cross guarantee (continued)

c) Consolidated Statement of Financial Position

Set out below is a consolidated Statement of Financial Position as at 30 June 2010 of the Closed Group:

	2010 \$'000	2009 \$'000
<i>Current assets</i>		
Cash and cash equivalents	8,110	5,180
Receivables	4,825	2,979
Inventories	6,714	5,955
Current tax receivables	1,397	138
Other	4,047	2,103
Total current assets	25,093	16,355
<i>Non-current assets</i>		
Receivables	606	—
Property, plant and equipment	13,499	1,707
Livestock	430	508
Intangible assets	69,312	7,368
Deferred tax assets	4,286	2,875
Investment in controlled entities	50,121	44,550
Total non-current assets	138,254	57,008
Total assets	163,347	73,363
<i>Current liabilities</i>		
Payables	34,693	23,519
Interest bearing liabilities	15	—
Provisions	3,899	3,568
Other	1,283	1,307
Total current liabilities	39,890	28,394
<i>Non-current liabilities</i>		
Payables	—	181
Interest bearing liabilities	114,014	34,196
Provisions	854	687
Deferred tax liabilities	2,226	268
Total non-current liabilities	117,094	35,332
Total liabilities	156,984	63,726
Net assets	6,363	9,637
<i>Equity</i>		
Contributed equity	9,918	2,679
Reserves	(2,310)	(2,310)
Accumulated losses/retained profits	(1,245)	9,268
Total equity	6,363	9,637

Notes to the Financial Statements

For the year ended 30 June 2010

42 Deed of cross guarantee (continued)

d) Consolidated Statement of Changes in Equity

Set out below is a consolidated Statement of Changes in Equity as at 30 June 2010 of the Closed Group:

	Share Capital \$'000	Reserves Profits \$'000	Retained \$'000	Total \$'000
Total equity at 1 July 2008	2,554	(2,310)	8,294	8,538
Total comprehensive income	—	—	974	974
Contributions of equity, net of issue costs	125	—	—	125
Total equity at 30 June 2009	2,679	(2,310)	9,268	9,637
Total comprehensive income	—	—	(3,698)	(3,698)
Contributions of equity, net of issue costs	7,239	—	—	7,239
Change in (accumulated losses)/retained profits due to new entities under the deed of cross guarantee	—	—	(6,815)	(6,815)
Total equity at 30 June 2010	9,918	(2,310)	(1,245)	6,363

43 Events occurring after reporting date

Subsequent to year end, a distribution of 4.25 cents per stapled security has been declared by the Board of Directors. The total distribution amount of \$13.1 million will be paid on or before 31 August 2010 in respect of the half year ended 30 June 2010.

Since the end of the financial year, the Directors of the Manager and ALL are not aware of any other matter or circumstance not otherwise dealt with in financial report or the Directors' report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial years subsequent to the year ended 30 June 2010.

Directors' Declaration to Stapled Security Holders

In the opinion of the directors of Ardent Leisure Management Limited and Ardent Leisure Limited:

- a) the financial statements and notes set out on pages 41 to 114 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 2010 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) Note (1a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting standards Board; and
- d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 42 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee as described in Note 42.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Neil Balnaves, AO

Director

Sydney

19 August 2010

Independent Auditor's Report

to the members of Ardent Leisure Group



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Report on the financial report

We have audited the accompanying financial report of Ardent Leisure Trust (The trust), which comprises the balance sheet as at 30 June 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Ardent Leisure Trust and the Ardent Leisure 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 the Ardent 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 the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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:

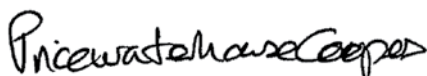
- a) the financial report of Ardent Leisure Trust is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the trust's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the consolidated financial report 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 25 to 37 of the directors' report for the year ended 30 June 2010. The directors of Ardent Leisure Management Limited 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 Accounting Standards.

Auditor's opinion

In our opinion, the remuneration report of Ardent Leisure Trust for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



Timothy J Allman
Partner

Brisbane
10 August 2010

Securityholder Analysis

Top 20 Securityholders as at 31 August 2010

	No. of Securities	%
1 J.P. Morgan Nominees Australia Limited	41,819,729	13.37
2 National Nominees Limited	36,812,107	11.77
3 HSBC Custody Nominees (Australia) Limited	31,676,891	10.13
4 Citicorp Nominees Pty Limited	15,101,086	4.83
5 RBC Dexia Investor Services Australia Nominees Pty Limited	11,842,714	3.79
6 Citicorp Nominees Pty Limited	11,784,817	3.77
7 Cogent Nominees Pty Limited	9,037,186	2.89
8 AMP Life Limited	4,621,983	1.48
9 Ragusa Pty Limited	4,145,537	1.33
10 Bond Street Custodians Limited	4,027,785	1.29
11 ANZ Nominees Limited	3,717,075	1.19
12 Ragusa Pty Limited	3,646,934	1.17
13 Sandhurst Trustees Limited	3,544,254	1.13
14 ANZ Nominees Limited	2,536,846	0.81
15 Bond Street Custodians Limited	2,415,945	0.77
16 Zest Health Clubs Limited	1,916,248	0.61
17 Citicorp Nominees Pty Limited	1,570,083	0.50
18 Citicorp Nominees Pty Limited	1,431,008	0.46
19 RBC Dexia Investor Services Australia Nominees Pty Limited	1,395,098	0.45
20 UBS Wealth Management Australia Nominees Pty Limited	1,319,307	0.42
Total	194,362,633	62.13%

Range Report as at 31 August 2010

Range	Holders	Securities	%
100,001 and over	143	223,193,712	71.35
10,001 to 100,000	2,767	68,392,910	21.86
5,001 to 10,000	1,748	13,037,938	4.17
1,001 to 5,000	2,497	7,208,955	2.30
1 to 1,000	2,011	1,002,759	0.32
Total	9,166	312,836,274	100.00

The total number of securityholders with an unmarketable parcel of 541 securities as at 31 August 2010 was 1,049.

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.

On-Market Buy-back

There is no current on-market buy-back program in place.

Substantial Holder Notices

Investor	No. of Securities	%
Commonwealth Bank of Australia	27,448,954	8.88
Eley Griffiths Group Pty Limited	15,597,321	5.05
Blackrock Investment Management (Australia) Limited	15,227,808	5.00
Renaissance Property Securities Pty Limited	15,458,884	5.00

Distribution History

Period ended	New issue price	Distribution	Taxable amount		Tax deferred amount		Tax free amount		DRP issue price	Period end unit price
History	\$	Cents/unit	Cents/unit	%	Cents/unit	%	Cents/unit	%	\$	\$
Ardent Leisure Trust										
6-Jul-98	1.00 ⁽¹⁾	—	—	—	—	—	—	—	—	—
31-Dec-98		4.70	1.58860	33.80	2.69451	57.33	0.41689	8.87	—	0.82
30-Jun-99		5.70	2.53080	44.40	2.73201	47.93	0.43719	7.67	0.7976	0.81
31-Dec-99		4.93	1.65697	33.61	2.83771	57.56	0.43532	8.83	0.8034	0.82
13-Jan-00	0.81									
30-Jun-00		5.57	0.26625	4.78	4.91218	88.19	0.39157	7.03	0.7858	0.81
31-Dec-00		3.30	1.53320	46.46	1.44050	43.65	0.32640	9.89	0.7078	0.74
30-Jun-01		3.70	1.90106	51.38	1.79894	48.62	(3)	(3)	0.5070	0.52
31-Dec-01		3.30	1.51110	45.79	1.78890	54.21	(3)	(3)	0.6415	0.67
30-Jun-02		3.70	1.05339	28.47	2.64661	71.53	(3)	(3)	0.6454	0.67
31-Dec-02		3.50	1.47665	42.19	2.02335	57.81	(3)	(3)	0.7000	0.70
30-Jun-03		4.00	1.49729	37.43	2.50271	62.57	(3)	(3)	0.7820	0.78
Ardent Leisure Group⁽⁴⁾										
CGT concession										
31-Dec-04		5.20							1.6894	1.74
30-Jun-05		6.60							1.8481	1.97
Year to 30 Jun 05		11.80	10.40958	88.22	1.39042	11.78	—	—		
31-Dec-05		7.00							2.3050	2.48
30-Jun-06		7.50							2.4021	2.50
Year to 30 Jun 06		14.50	9.48186	65.40	5.01814	34.60	—	—		
31-Dec-06		8.00							2.9213	2.98
30-Jun-07		9.10							3.1894	3.30
Year to 30 Jun 07		17.10	13.19952	77.19	3.50226	20.48	0.39822	2.33		
31-Dec-07		9.60							3.4168	3.49
30-Jun-08		10.00							1.5235	1.49
Year to 30 Jun 08		19.60	16.72845	85.35	2.09711	10.70	0.77444	3.95		
31-Dec-08		6.50							0.9727	0.90
30-Jun-09		7.80							1.4048	1.415
Year to 30 Jun 09		14.30	8.19817	57.33	3.74274	26.24	2.34909	16.43		
31-Dec-09		6.50							1.6826	1.705
30-Jun-10		4.25							0.9915	0.990
Year to 30 Jun 10		10.75	8.07288	75.10	1.29887	12.08	1.37825	12.82		

⁽¹⁾ Initial public offer of units in Ardent Leisure Trust of \$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

The website is a useful source of information about the Group and its business and property portfolio. The site contains a variety of investor information, including presentations, webcasts, newsletters, half year updates, annual reports, 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. Investors with a minimum of 2,000 stapled securities, receive an investor benefits card that provides the following privileges:

Dreamworld/WhiteWater World

50% discount off all 1 Day entry, 1 Day and 2 Day World Pass tickets plus a 10% discount on merchandise, food and beverages for the investor and up to three companies

QDeck

50% discount per visit off the standard entry for the investor plus up to three companions

d'Albora Marinas

Free subscription to d'Albora's Docklines magazine

AMF/Bowl Australia/Kingpin

50% discount per visit off shoe hire and two games at the standard adult bowling game rate for the investor plus up to three companions

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 seven to eight weeks after each half year end. To view your 2009/2010 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 2010 was \$1.6826 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 to the ASX.

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:

Telephone

1800 ARDENT (within Australia)
+61 2 9409 3670 (outside Australia)

Email

Investor.relations@ardentleisure.com

Investor complaints

If you have a complaint, please contact us so that we can assist

Ardent Leisure Group

Level 16, 61 Lavender Street
Milsons Point NSW 2061

Email

investor.relations@ardentleisure.com

Telephone

1300 ARDENT (within Australia)

Facsimile

+61 2 9409 3679

External dispute resolution

In the event that a complaint 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) Limited. 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

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Corporate Directory

Manager

Ardent Leisure Management Limited
ABN 36 079 630 676
AFSL No. 247010

Company

Ardent Leisure Limited
ABN 22 104 529 106

Registered office

Level 16, 61 Lavender Street
Milsons Point NSW 2061

Directors

Neil Balnaves AO (Chairman)
Roger Davis
Anne Keating
Greg Shaw
George Venardos

Managing Director and Chief Executive Officer

Greg Shaw

Chief Financial Officer

Richard Johnson

Secretary

Alan Shedden

Telephone

1800 ARDENT (within Australia)
+61 2 9409 3670 (outside Australia)

Facsimile

(02) 9409 3679 (within Australia)
+61 2 9409 3679 (outside Australia)

Email

Investor.relations@ardentleisure.com

Website

www.ardentleisure.com

ASX code

AAD

Custodian

The Trust Company Limited

35 Clarence Street
Sydney NSW 2000

Auditor of the Group

PricewaterhouseCoopers

Riverside Centre
Level 15
123 Eagle Street
Brisbane QLD 4000

Security registry

Link Market Services Limited

Locked Bag A14
Sydney South NSW 1235

Level 12

630 George Street
Sydney NSW 2000

Telephone

1300 750 560 (within Australia)
+612 8280 7134 (outside Australia)

Email

registrars@linkmarketservices.com.au

Website

www.linkmarketservices.com.au

To arrange changes of address, or changes in registration of stapled securities, please contact the registry at the address or number listed above.

Disclaimer

This is the annual report for the Ardent Leisure Group (the 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 36 079 638 676 (Manager), 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 or needs or you should obtain financial, legal and/or taxation advice.

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 Group. Actual results may vary from any forecasts and any variation may be materially positive or negative.

Investments in the Group are not deposits with or liabilities of the Company, the Manager or any other 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 Group entity guarantees the performance of the Group or the repayment of capital from the Group, or any particular rate of return.

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