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Ardent Leisure Limited
ABN 22 104 529 106
Ardent Leisure Management Limited
ABN 36 079 630 676
(AFS Licence No. 247010)

ASX RELEASE

24 September 2013

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

Dear Sir/Madam

ANNUAL REPORT 2013

Please find attached the Ardent Leisure Group Annual Report 2013 for release to the market in accordance with Listing Rule 4.7.

Yours faithfully

Alan Shedden
Company Secretary

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

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ARDENT
LEISURE

2013
ANNUAL REPORT

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Ardent Leisure Group is one of the region's premier diversified leisure and entertainment businesses delivering outstanding guest experiences through unique products, exceptional customer service and value for money. Our international portfolio of assets in Australia, the United States and New Zealand provides investors with access to superior and stable returns.

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Message from the Chairman

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Dear Investor

I am pleased to report to investors the outcome of a busy year for the Group with another set of strong results and earnings growth. Positive earnings growth from the Health Club, Main Event and Theme Parks divisions helped drive an increase in core earnings of 19.2% against prior year. Earnings from the Marina division were marginally improved, while the Bowling division saw a fall in earnings as the restructure of the business continues.

The Group has taken the opportunity to expand our growth divisions and further diversify earnings both by division and geography. A successful $50 million Institutional Placement at $1.28 per security was announced to the ASX in September 2012 and this was followed by a Security Purchase Plan that was oversubscribed, raising approximately $22.2 million from investors. This strong support from both retail and institutional investors helped finance key acquisitions in the Health Club division and provide additional growth capital for the Main Event Entertainment business.

In the United States, our Main Event Entertainment business continues to perform strongly and take advantage of favourable business conditions. We continue to refine the business model and secure new, low risk development opportunities across the Sunbelt states to realise our strategy to expand the portfolio to 19 centres by the end of fiscal year 2015. The number of Main Event Entertainment locations has increased from 10 to 12 in 2013, with a further 2 sites committed and a number of sites under negotiation.

The Health Club division has continued to expand and Goodlife has consolidated its position as the second largest operator of full service health clubs in Australia. The acquisition of 11 clubs in the Fenix Fitness portfolio, 8 Fitness First clubs and the development of 2 new centres at Maroochydore (QLD) and Dernancourt (SA) brings the Goodlife portfolio to 66 clubs across Australia. Operational initiatives to improve the Goodlife brand, mission and values will allow our team to better deliver on our customer promise and maintain some of the highest member retention rates in the industry.

In the Theme Parks division, the creation of exciting new products continued with the opening in December 2012 of the new Kung Fu Panda precinct with its new thrill ride. The return of Big Brother to Dreamworld, a new Wiggles World ride and 2 new Dreamworld Tiger Cubs all created exceptional customer value, driving increased repeat visitations from our guests. These new products, our upgraded Food and Beverage offer, improved standards of customer service and shopping opportunities reinforced Dreamworld's position as Australia's very own theme park.

A number of major initiatives including the return of Big Brother Series 2, the arrival from Poland of adult tigress Nika and the introduction of new tiger activities during the forthcoming financial year, are expected to create even more reasons to visit Dreamworld.

A full year of operation from the SkyPoint Climb adventure attraction and a refurbishment of the observation deck have allowed SkyPoint to develop into a key destination and event venue in South East Queensland.

The Bowling division, comprising the AMF and Kingpin Bowling brands, saw reduced earnings predominantly in the first half of the year as the business commenced a process to improve guest experience, amusement games product and the Food and Beverage offerings. The result of these efforts saw improvement in earnings in the second half of the financial year.

The d'Albora Marina division again achieved a solid result with operational efficiencies offsetting reduced revenues to post a slight increase in earnings. The division is progressing with the planned construction of increased berthing capacity at The Spit and Akuna Bay marinas in Sydney.

In June 2013, the Group successfully negotiated and executed an extension of existing debt facilities with an increased facility of $320 million that matures in two tranches in 3 and 4 years. The number of participating banks has increased from 2 to 4 to provide the Group with future funding flexibility and capacity. The extended debt facilities also include an increased proportion of US dollar denominated debt to reflect the strong growth profile of our Main Event Entertainment division. The Group gearing level at 30 June 2013 was 32.0%, well below the banking covenant of 40%.

The Group has traded well through a difficult economic period and has taken the opportunity to invest in the training and systems necessary to allow the Group to capitalise on opportunities created by improvements in economic conditions in Australia and the US Sunbelt region. The Group has over 7,200 employees and has implemented a continuing program of professional development, career progression and leadership training.

Ardent Leisure is one of the largest multi-faceted leisure retailers in Australia and has built a sophisticated information technology capability to communicate directly with over 800,000 of our customers, through a variety of social media channels. Unlike many traditional retailers, the digital age provides many opportunities for us to cost effectively communicate to existing customers and market to new patrons. We are also seeing an increased portion of our revenue being generated through e-commerce and further digital innovation will provide exciting revenue growth opportunities in future periods.

On behalf of all of the Board, I would like to thank our customers, investors and especially the team for their support throughout the year.

Neil Balnaves AO
Chairman

Message from the Chief Executive Officer

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Dear Investor

The year under review has delivered double digit growth in revenue and core earnings through successfully providing quality leisure and entertainment experiences for our guests at affordable prices.

We have continued to execute on our strategy to diversify earnings and benefited from exceptional performances from the Health Club division, with earnings up by 52% and from our Main Event Entertainment business in the United States, where earnings in US dollars grew by 34.1%. We also saw the Theme Park division return to solid growth, with both revenues and earnings up on prior year.

The successful execution of our strategy and the impact of our acquisition of the portfolio of health clubs in late 2012 resulted in our distribution to investors increasing to 12.0 cents per security, representing a yield of approximately 6.98% based upon a security price of $1.72 at 30 June 2013.

Health Club division

Revenue from our Health Club division increased by 37.2% to $140.7 million with earnings up 52% from $20 million to $30.3 million. This exceptional result from Goodlife Health Clubs was driven by strong constant club performance, where earnings before property costs grew by 5.4% over the prior year and by the successful execution and integration of the Fenix and Fitness First acquisitions, completed in the first half of the financial year. The benefits of increased labour productivity, improved operational efficiencies and greater penetration of personal training services saw operating margins rise to 42.7%, against 39.2% achieved in the prior year.

The recruitment of additional corporate roles will help support the larger portfolio and underwrite future growth. The coming financial year will see the full effect of the Fenix and Fitness First acquisitions, together with the impact of greater personal training services being provided across the entire portfolio.

Main Event Entertainment division

The Main Event Entertainment business recorded total revenues of US$73.5 million, representing a 29.8% increase on prior year revenues of US$56.7 million, while earnings for the year rose by 34.1% to US$17.2 million. On a constant centre basis total revenues grew by 4.5%, while earnings before property costs increased by 5.9%. This strong performance was underwritten by successful, unlimited play marketing campaigns and an improved Food and Beverage product range.

During the year new Main Event centres were opened in Katy and Stafford in Houston and these centres continue to significantly exceed portfolio average revenues and profits. Construction is now well advanced on our next centre in Tempe, Phoenix, which is scheduled to open in the second quarter of the 2014 financial year. We remain on track to meet or exceed our target of 19 centres by the end of the 2015 financial year.

Bowling division

The Bowling division saw a 0.9% increase in revenues to $115.2 million for the year and a corresponding decline in earnings of 13.8% to $12.8 million, driven largely by poor trading in the first half of the year. Constant centre performance improved in the second half, with constant centre earnings before property costs flat to the prior year against a 6.3% decline in the first half, as a result of stronger school holiday trading and improved cost management.

Guests responded well to our value promotions throughout the school holiday period, while our program of centre refurbishment continues to deliver positive results. Our newest centre at Penrith in Sydney has exceeded expectations and has experienced strong trading since opening. Ongoing focus is being placed upon enhancing guest experiences and delivering increased value to drive loyalty and repeat visitation.

Marina division

Revenues from the Marina division decreased marginally by 2.2% on prior year to $23.1 million, principally due to lower land rentals and reduced fuel sales caused by adverse weather. Careful management of costs ensured earnings remained constant with the prior year, at $10.7 million. The d'Albora business will continue to focus on building occupancies and average berthing rates in the coming year.

Theme Parks division

The division saw a return to growth with revenues up $3.4 million, or 3.6%, to $97.1 million delivering an EBITDA of $30.5 million, representing an increase of 5.3% on prior year.

These results reflect an 8.0% increase in guest attendance resulting from a revised brand and marketing strategy, anchored by successful Unlimited World Pass campaigns. Investment in unique new product, including the DreamWorks Kung Fu Panda precinct, the return of the Big Brother series and 2 new tiger cubs all added new guest experiences, improved guest satisfaction and created in-park spending opportunities. During the year, the division grew its margins to 33.2% against 32.5% in the prior year through refined operating efficiencies and completion of initiatives to combat rising energy and water costs.

A full year contribution from our SkyPoint Climb attraction and the inclusion of SkyPoint entry in the Unlimited World Pass offer saw earnings from the attraction grow strongly.

Our focus on bringing exciting products to the theme parks has continued with the return of Big Brother for a second series in July 2013, a new attraction based on zombies planned for launch in September 2013 and the first stage of a new indigenous precinct expected to be opened in time for the December 2013 holiday period.

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The Group's business is based on delivering unique guest experiences and compelling product offers. Our team is central to the business and we have continued to invest heavily in better recruitment, training, professional development and leadership capabilities. This investment will help to further differentiate our products from our competitors' and deliver ongoing outperformance and consistently strong earnings.

I would like to acknowledge the significant support we have received throughout the year from our guests, employees, investors and stakeholders.

Greg Shaw
Managing Director and
Chief Executive Officer

Asset Locations

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Australia and New Zealand	ACT	NSW	QLD	SA	TAS	VIC	WA	NZ	TOTAL
Dreamworld, WhiteWater World, SkyPoint, SkyPoint Climb			4						4
Goodlife Health Clubs		4	23	12		21	6		66
Kingpin Bowling		2	1	1		2			6
AMF Bowling	2	12	8	4	2	11	4	2	45
d'Albora Marinas		5				2			7

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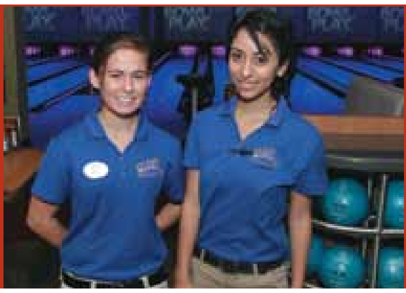
United States of America	TEXAS	ARIZONA	TOTAL
MAIN EVENT ENTERTAINMENT	12	1*	13

* Opening soon



Board of Directors

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Neil Balnaves AO

Neil Balnaves AO was appointed as Chairman of the Group in 2001. Neil has worked in the entertainment and media industries for over 48 years previously holding the position of Executive Chairman of Southern Star Group Limited which he founded. Neil is a Trustee Member of Bond University and has an Honorary Degree of Doctor of the University. Neil is a member of the Advisory Council and Dean's Circle of the University of New South Wales (Faculty of Medicine) and in 2010 received an Honorary Doctorate of the University.

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

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

Neil is Non-Executive 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:
None

Roger Davis

Roger Davis was appointed a Director of the Company in 2008. Roger brings over 32 years experience in banking and investment banking in Australia, the US and Japan to the Board. Roger is presently Chairman of the Bank of Queensland and a Consulting Director at Rothschild (Australia) Limited and holds directorships at Argo Investments Limited, Aristocrat Leisure Limited, The Trust Company Limited, TIO Ltd and AIG Australia Limited. Previously, he was Managing Director at Citigroup where he worked for over 20 years and more recently was a Group Managing Director at ANZ Banking Group.

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

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

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

Former listed directorships in last three years:
Charter Hall Office Management Ltd
(Resigned 30 April 2012)

Anne Keating

Anne Keating was appointed a Director or Ardent Leisure Management Limited in 1998. Ms Keating is currently a Director of REVA Medical Inc., Goodman Group and GI Dynamics, Inc., and is a member of the Advisory Council of CIMB Australia. Anne is also a Director of the Garvan Institute of Medical Research and a Governor of the Cerebral Palsy Alliance Research Foundation.

Anne's former directorships include ClearView Wealth Limited, STW Communications Group Limited, Insurance Australia Group Limited, NRMA, the WorkCover Authority of NSW, the Tourism Task Force (now known as the Tourism and Transport Forum), Spencer Street Station Redevelopment Holdings Limited and the Victor Chang Cardiac Research Institute. Anne 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 and the Audit and Risk Committee.

Former listed directorships in last three years:
STW Communications Group Ltd
(Resigned 10 February 2011)

ClearView Wealth Ltd
(Resigned 23 October 2012)

Don Morris AO

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

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

Don was the former Chair of the Sydney Olympics Community Support Commission and both the Australian Tourist Commission and Tourism Queensland, and a former director of R M Williams Ltd, Harvey World Travel Ltd, PMP Ltd, the Tourism & Transport Forum, Tourism Asset Holdings Ltd, Hamilton Island Enterprises Ltd and Port Douglas Reef Resorts Ltd.

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

Don's current directorships include Ausflag Ltd and The Sport and Tourism Youth Foundation. He was appointed an Adjunct Professor in Tourism, Sport, and Hotel Management at Griffith University in 2012.

Don is a member of the Group's Remuneration and Nomination Committee and the Audit and Risk 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 project. Greg is the Chief Executive Officer and Managing Director 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 and Environment Committee.

Former listed directorships in last three years:
None

Management

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George Venardos

George Venardos was appointed a Director of both the Company and the Manager in September 2009. George is a Chartered Accountant with more than 30 years' experience in finance, accounting, insurance and funds management.

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

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

George is a Director of IOOF Holdings Ltd and Perennial Investment Partners Ltd and is the Non-Executive Chairman of both BluGlass Ltd and Guild Group Holdings Ltd.

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

Former listed directorships in last three years:
Miclyn Express Offshore Ltd
(Resigned 21 June 2013)

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 20 years' experience. Richard is a Fellow of The Institute of Chartered Accountants in England and Wales.

Lee Chadwick

Lee joined the Group in September 2012 as CEO of AMF Bowling. Lee is an experienced retailer, having held senior roles with Tesco and Coles and more recently as the CEO of Fantastic Furniture.

Craig Davidson

Craig has recently been appointed to the role of CEO of the Theme Parks division. Craig was Executive General Manager Destination Development at Tourism Australia and brings significant experience to the role, having been responsible for the operations of the Voyages Hotels and Resorts portfolio and Hamilton Island in Queensland.

Charlie Keegan

Charlie joined Main Event Entertainment as CEO 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 Clubs business as CEO in June 2010. Greg has had an 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.

Marcus Anketell

Marcus joined d'Albora Marinas as CEO in January 2011, having been the manager of the Northern Region for AMF Bowling for the previous five years. Prior to this, Marcus enjoyed a successful career in the hospitality and tourism industry with almost 20 years of experience in the areas of hotel and resort management and operations. He was a founding director and operations manager of Plaza Hotels Australia and has undertaken business consultancy roles both locally and abroad.

Alan Shedden

Alan was appointed Company Secretary of the Manager and the Company in 2009. Alan has over 15 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 a Fellow of the Institute of Chartered Secretaries and Administrators.

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Sustainability

The Group aims to adopt environmentally, socially and economically sustainable solutions across all of its areas of business activity.

Koala Conservation

In February 2013, following regulatory approval granted by the Queensland Government three of Dreamworld's resident koalas arrived in their new home at San Diego Zoo in California to join the zoo's breeding colony. The three Dreamworld koalas travelled in purpose built crates decorated with indigenous art, to join the largest breeding colony of koalas outside of Australia in new purpose built accommodation. Researchers at San Diego Zoo have partnered with the Dreamworld Wildlife Foundation to develop conservation strategies for koalas and help educate people about the threats facing native koala populations. The official opening of the new Australian Outback precinct was attended by representatives of the Yugambeh-language people of the Gold Coast, Dreamworld and the Australian Federal Government.

Dreamworld and the Dreamworld Wildlife Foundation have also partnered with a variety of interested parties in the Koala Land project. Koala Land was established as an educational forum and tool to assist in creating a sustainable future for koalas living amidst the communities on the Koala Coast of South East Queensland. The project aims to recommend ways of protecting koalas and their habitat and ultimately developing a sustainable environment where koalas and people can cohabit.

Save the Bilbies

Collaboration continues between Dreamworld, the Queensland Government and the Save The Bilby Fund to improve the survival prospects for one of Australia's most endangered animals. Dreamworld is home to the world's largest captive bilby population and has already bred and released nine bilbies into the Currawinya National Park, a bilby protection park in western Queensland. In early 2013, a further three bilby joeys were raised with the intention of releasing them into their natural environment.

Dreamworld Tigers

Last year was a critical period in continuing the Group's tiger conservation works as Dreamworld saw the development of our youngest tigers, Ravi and Baru, from cute cubs to adolescent tigers. Importantly, after a long process of consultation and regulatory approval, the future of our tiger display was secured with the arrival of Nika, Australia's largest female tiger, from Krakow Zoo in Poland. A renewed tiger breeding program at Dreamworld will support our efforts to educate our guests and the public on tiger conservation and the increasing habitat and poaching threats to the species.

The Group would like to acknowledge the invaluable assistance received from 21st Century Tiger in securing the necessary permits and support to transfer Nika to Queensland.

Dreamworld actively promotes tiger conservation and helps raise funds for the Dreamworld Wildlife Foundation. Through a number of activities performed by the tigers at Dreamworld, royalties from sales of merchandise and interactive tiger experiences are generated and donated to the Foundation. These royalties are also supplemented by direct donations from our guests and our employees through our workplace giving program, the website and in-park donation boxes.

Carbon Emissions

The Board of Directors is committed to managing our impact on the environment and in particular focuses on reducing the Group's energy usage.

Throughout the year, our program of work in managing and reducing energy consumption has continued with a number of initiatives being undertaken. At a Group-wide level, formal tender processes were completed to lock in forward energy rates across Australia. A number of small scale sites were not eligible to participate in the commercial tender process and the Group has taken advantage of current retailer discounting to lock in rates for these locations. The housekeeping program is finished and included demand and tariff reviews and the roll in of eligible large market sites to our contracted rates.

Sustainability

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Reduction of energy usage can be achieved through technical means and through behavioural changes. Operational hygiene has been a major focus during the year and analysis has clearly shown the need to correctly implement adequate controls for key plant including air conditioning and lighting. Training of local management and staff has been rolled out in an effort to change attitudes and actions relating to energy wastage.

Theme Parks Division

A project to reduce the energy consumption at WhiteWater World has been largely completed and indicative results show a dramatic drop in weekly usage without impact on guest experience. The division's focus has now moved to investigate the installation of power factor correction equipment and variable speed drives on water pumps and the potential to install solar water heating around the park.

Bowling Division

The Bowling division has embarked on a project to convert halogen lamps to LED and retrofit existing T8 fluorescent lamps with the more advanced and economical T5 fluorescent lamps. Where possible, the Group seeks to secure funding support for our energy saving initiatives; however, the falling value of NSW Energy Savings Certificates and the increased auditing and implementation requirements of these programs mean that a number of refurbishments have been completed without recourse to state or federal funding. In addition, site assessments have been carried out to determine the potential benefits of installing power factor correction voltage optimisation equipment.

Health Club Division

A review of the Group's portfolio of health clubs has been undertaken and this has highlighted a small number of high usage problem centres. Reduction of unnecessarily high energy usage in these centres has been a priority for the division and has centred on changes to the control environment, staff behaviours and challenging accepted operational assumptions.

Marina Division

The majority of energy usage at our d'Albora Marina division is consumed by vessels berthed at our marinas and work continues to manage usage where possible.

The scale of the Group's operations has increased over the past year as new centres have been acquired or developed. The acquisition of the Fenix Fitness Club portfolio and selected Fitness First clubs in late 2012 has impacted energy usage as revenue has grown. For the financial year ended 30 June 2013, Group revenue (excluding Main Event Entertainment operations in the USA) rose to $376.2 million with a resulting increase in unaudited energy numbers for the Group's Australian operations of approximately 59.87 KT of total CO2 emissions.

The Group is registered and reports under the National Greenhouse and Energy Reporting Act 2007. Reported carbon emissions from Australian operations are set out below:

Year	Revenue (excluding USA)	Scope 1 (Tonnes of CO2)	Scope 2 (Tonnes of CO2)	Total Emissions (Tonnes of CO2)
Year to 30 June 2011	$325.3 mil	1,744	50,447	52,191
Year to 30 June 2012	$334.8 mil	2,646	51,914	54,560

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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 security holders.

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;
- Approval 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 (OH&S) policy and environmental policy;
- Changes to the Group's capital structure including the issue of shares, options, equity instruments or other securities;
- Key public statements which relate to significant issues concerning changes to key strategy or Group policy;
- 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/her role;
- Ensure a formal and documented evaluation process; and
- Leave 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 discusses 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.

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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 Directors' 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, Australian Securities Exchange (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 approve 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 program. 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 2013, Directors deemed to be independent were: Neil Balnaves, Roger Davis, Anne Keating, Don Morris and George Venardos.

Directors' interests in securities are set out in section (g) 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 of Directors. 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

The Directors have established 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.
— Candidates are to be interviewed and a shortlist prepared.
— Select preferred candidates from the shortlist provided in consultation with executive management.
— Agree a preferred candidate for recommendation to the Board of Dirctors.

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 and 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 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 Executives of each business division 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.

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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 OH&S 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 the United Nations Convention on the 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 collaborate 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 focusing 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 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 exist. 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 include 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 or via the Group's third party independent ethics hotline. Disclosures can be made 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.

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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 has 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 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), or 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 (AGM) 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.

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Blackout 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 investor 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.

The Securities Trading Policy also prohibits any hedging of unvested security based incentives by Directors and Nominated Employees.

Principle 4 – Safeguard integrity in financial reporting

Audit and Risk Committee

The Board has established an Audit and Risk Committee ("Committee") consisting 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 at least one member 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 independent 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 security holders, 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

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- 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 co-ordination 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

- Authorise the Group's compliance framework and assess the effectiveness of the framework.

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 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 the Group's 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 of Directors 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 Group's securities.

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

Board Procedures
The Board of Directors 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 10-15% 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 the 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 with 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 investors and other interested parties.

Principle 6 – Respect the rights of shareholders

Investor Communications
The Group has adopted a specific investor communications policy for investors and believes that a flexible approach to investor communications and early adoption of emerging technology are the most effective manner of increasing investor 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 security holders is also made available on the Group's website, including annual and half yearly 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 registrars 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 financial year ending 30 June and half year for the period ending 31 December. 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.

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General Meetings

The Group holds an 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 Auditor's Report.

Investor Benefits Program

Investors with 2,000 or more securities are entitled to participate in an Investor Benefits Program. The Program aims to provide qualifying investors with an opportunity to experience some of the assets owned by the Group at discounted rates.

Principle 7 – Recognise and manage risk

Safety, Sustainability and 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 was established by the Board of Directors to monitor, review, evaluate and make recommendations to the Board in relation to the following matters:

Safety

— The effectiveness of OH&S policies and the safety related aspects of the operational risk management framework necessary to maintain a safe environment for both guests and employees across the Group including drafting, implementing and recommending improvements;

— Setting appropriate goals to maintain the Group's lost time injury frequency rate (LTIFR) below industry benchmarks;

— Monitoring the adequacy of existing OH&S resources as well as their ongoing training and supervision;

— The scope and results of periodic internal and external reviews of OH&S and operational risks including the process of identifying and assessing OH&S risks and the adequacy of existing OH&S risk management systems; and

— The compliance of the Company with regard to existing and possible future OH&S regulations and determining what if any changes need to be made to existing work practices in order to ensure compliance.

Sustainability

— Reviewing the Group's policies and procedures in relation to sustainability;

— Monitoring the adequacy of resources applied to sustainability as well as their ongoing training and supervision;

— Reviewing any report on sustainability, which is desirable or required to be prepared pursuant to any ASX Listing Rule or legislative requirement or which is proposed for inclusion in the annual report; and

— The compliance of the Company with regard to current laws and regulations.

Environment

— Evaluating and monitoring the effectiveness of the Group's environmental policies and environmental management plans;

— Evaluating and monitoring the adequacy of environmental resources as well as their ongoing training and supervision;

— Reviewing the scope and results of periodic internal and external reviews of environmental risks including the process of identifying and assessing environmental risks and the adequacy of existing environmental risk management systems; and

— The compliance of the Company with regard to current environmental laws and regulations and determining what if any changes need to be made to existing work practices in order to ensure compliance.

The SSE Committee will 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

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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 the 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, Moderate and Low. Next, 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 divided into three categories of High, Medium and Low by merging the inherent risk rating and the effectiveness of the controls rating.

Risk Gap Analysis
During the year, the Group's senior executives undertook a third party facilitated risk gap analysis designed to identify any material risks that had not otherwise been included in the risk review process.

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 a 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
The Directors have established a combined Remuneration and Nomination Committee due to the relatively infrequent need to call upon the services of the previous Nomination Committee. 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 30 to 45.

Diversity Policy
On 30 June 2010 the ASX Corporate Governance Council introduced three new recommendations relating to diversity within listed entities. Listing Rule 3.2 requires that ASX listed entities establish a diversity policy (including a requirement to set and assess measureable targets for achieving gender diversity) and that a summary of this policy is disclosed in the annual report.

On 16 December 2010, the Board adopted a Diversity Policy that aims to promote diversity across the Group through a number of initiatives.

Any attempt to change the current status quo is unlikely to drive short term results or change and it was proposed that the Group adopt a long term approach that focuses on increasing diversity at junior levels and addressing the various reasons that hinder female promotion and involvement at executive levels. Accordingly the Directors agreed to target an increase in female participation at a managerial level across the Group from 36% in 2010 to 50% in 2015.

The table below shows the female participation rates across the Group since the Board adopted the Diversity Policy in December 2010:

	2011		2012		2013	
	Female	**Male**	**Female**	**Male**	**Female**	**Male**
Board of Directors	20.0%	80.0%	16.7%	83.3%	16.7%	83.3%
Senior Management	39.4%	60.6%	42.0%	58.0%	42.3%	57.7%
All Employees	63.3%	36.7%	59.4%	40.6%	60.4%	39.6%

The Group support a number of initiatives aimed at achieving the target increase and has adopted policies on flexible working arrangements and paid maternity leave. A mentoring program has also been implemented for female executives and this has been supported by a number of breakfast briefings designed to highlight the challenges faced in the workplace and to also provide a networking opportunity with both internal and external parties.

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Directors' report to stapled security holders

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Directors' report to stapled security holders

The Directors of Ardent Leisure Management Limited (Manager), (as responsible entity of Ardent Leisure Trust) and the Directors of Ardent Leisure Limited present their report together with the consolidated financial report of Ardent Leisure Group (Group or Consolidated Group) and the consolidated financial report of Ardent Leisure Limited Group (ALL Group) for the year ended 30 June 2013.

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

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

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

1 Directors

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

- Neil Balnaves AO (Chairman)
- Roger Davis
- Anne Keating
- Don Morris AO
- Greg Shaw
- George Venardos.

2 Principal activities

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

3 Distributions

The distribution of income for the year ended 30 June 2013 will be 12.0 cents (2012: 11.7 cents) per stapled security which will be paid by the Trust. An interim distribution of 6.6 cents (2012: 6.5 cents) per stapled security was paid in February 2013. A final distribution for the year ended 30 June 2013 of 5.4 cents (2012: 5.2 cents) per stapled security will be paid in August 2013. A provision has not been recognised in the financial statements at 30 June 2013 as this distribution had not been declared at the reporting date. During the year, a subsidiary of ALL paid to the Trust $3.6 million (2012: $2.5 million) relating to convertible notes which are classified as equity under Australian Accounting Standards. No dividend was recommended or paid by ALL in respect of the year ended 30 June 2013.

4 Operating and financial review

Overview

The Group's strategy is to focus primarily on domestic leisure segments with mass market appeal. Over the past six years, the Group has diversified through the creation of five core operating divisions, being health clubs, family entertainment centres in the US, theme parks, marinas and bowling centres.

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

During the year, the Group purchased Fenix Fitness Clubs (Fenix) comprising 10 health clubs in Queensland and Victoria, and the South Australian portfolio and the Essendon health club of Fitness First comprising eight health clubs for a combined cash consideration of $67.6 million. Refer to Note 32 to the financial statements. At the time, a successful $50.0 million placement of securities and a $22.2 million Security Purchase Plan were completed to fund the acquisitions and to provide further funding for the expansion of the family entertainment centre division.

The Group also renegotiated its syndicated debt facilities, increasing its available facilities by $91.7 million from $239.8 million to $331.5 million and extending the maturity of debt to three and four year terms, as set out in note 24 to the financial statements. The Group also increased the proportion of US$ facilities from US$40 million to US$120 million to facilitate funding of the Main Event division.

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4 Operating and financial review (continued)

Group results

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

	Segment Revenues 2013 $'000	Segment Revenues 2012 $'000	Segment EBITDA* 2013 $'000	Segment EBITDA* 2012 $'000
Health Clubs	140,689	102,577	30,329	19,959
Family entertainment centres	72,695	55,236	17,001	12,312
Theme parks	97,086	93,707	30,450	28,904
Marinas	23,141	23,672	10,687	10,669
Bowling centres	115,230	114,241	12,773	14,825
Other	62	641	(7)	177
Total	**448,903**	**390,074**	**101,233**	**86,846**
Depreciation and amortisation*			(22,644)	(20,468)
Divisional EBIT			**78,589**	**66,378**
Pre-opening expenses, straight lining of fixed rent increase, IFRS depreciation and Goodlife intagible asset amortisation not including in divisional EBIT			(18,496)	(13,013)
Property valuation gains/(losses)			90	(15,507)
Gain on acquisition			2,613	—
Net gain/(loss) from derivative financial instraments			602	(392)
Corporate costs including gains on sale of assets, interest income and foreign exchange gains and losses			(12,159)	(9,365)
Borrowing costs			(12,288)	(12,914)
Net tax expense			(3,334)	(2,560)
Profit			**35,617**	**12,627**
Core earnings (Note 11 to the financial statements)			**50,257**	**42,145**

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

Profit for the year increased by $23.0 million, or 182%, to $35.6 million, mainly due to the following factors:

— Revenue from operating activities increased by $58.8 million, or 15.1%, to $448.9 million and divisional EBITDA increased by $14.4 million, or 16.6%, to $101.2 million. Further commentary on divisional results is set out separately below;

— Pre-opening expenses increased by $1.5 million due to bowling, health club and family entertainment centre developments in the year and Goodlife intangible asset amortisation increased by $4.6 million due to the acquisition of new health clubs;

— There were $15.5 million of property valuation losses in the prior year compared to $0.1 million gains in the current year and a $2.6 million gain on acquisition of health clubs in the current year;

— Corporate costs increased by $2.8 million, or 29.8%, to $12.2 million of which $1.3 million was driven by an increase in business acquisition costs.

— Borrowing costs decreased by $0.6 million, or 4.8%, to $12.3 million due to a slight reduction in Australian dollar debt, decreases in Australian interest rates and a higher proportion of total debt being in US dollars at lower interest rates; and

— Net tax expense increased by $0.8 million, or 30.2%, due to increased earnings of the Group and new health clubs which were acquired in ALL during the period.

The above factors also delivered an increase in core earnings of $8.1 million, or 19.2%, to $50.3 million (2012: $42.1 million). Core earnings (as defined in Note 11 to the financial statements) represents the earnings of the Group after adding back unrealised items such as unrealised gains or losses on derivatives, unrealised property valuation gains and losses, straight lining of fixed rent increases, IFRS depreciation, amortisation of Goodlife intangible assets and one-off realised items.

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4 Operating and financial review (continued)

Health clubs

The performance of health clubs is summarised as follows:

	2013 $'000	2012 $'000	Change %
Total revenue	140,689	102,577	37.2
EBRITDA (excluding pre-opening expenses)	**60,032**	**40,224**	**49.2**
Operating margin	*42.7%*	*39.2%*	
Property costs (excluding straight-line rent)	(29,703)	(20,265)	46.6
EBITDA	**30,329**	**19,959**	**52.0**

The division showed strong performance across its portfolio during the year, with an increase in revenues of 37.2% to $140.7 million and growth in EBITDA of 52.0% to $30.3 million. This was driven predominantly by acquisitions and developments, accompanied by improved constant club trading as set out below:

	Revenue 2013 $'000	Revenue 2012 $'000	Change %	EBRITDA 2013 $'000	EBRITDA 2012 $'000	Change %
Constant clubs	94,937	94,890	—	47,038	44,642	5.4
Clubs closed	615	2,450	(74.9)	98	623	(84.3)
New clubs/aquisitions	44,979	4,973	804.5	23,377	2,570	809.6
Corporate and regional office expenses/sales and marketing	158	264	(40.2)	(10,481)	(7,611)	37.7
Total	**140,689**	**102,577**	**37.2**	**60,032**	**40,224**	**49.2**

Fenix and Fitness First health clubs, acquired in the first half of the year, have operated in line with expectations with a turnaround in member growth in the Fitness First clubs acquired. Membership of the Fitness First clubs grew 3.3% in the June 2013 quarter and is building momentum.

Major refurbishments at Cottesloe, Helensvale and Prahran are now complete and are expected to positively impact FY14 earnings. In addition, new clubs at Maroochydore and Dernancourt are contributing strongly with a further new site scheduled to open in Northlands, Victoria in December 2013.

During the year, the division strengthened its operating margin, with an increase of 3.5% to 42.7%, as benefits of labour productivity, efficiency and penetration of personal training services continue. FY14 will realise the full year benefit of a personal training model restructure and digital advertising opportunities.

Additional corporate roles have been added to support the larger portfolio and growth post acquisitions and personal trainer numbers are set to increase on the back of stronger trainer academy performance and improved point of sale uptake of personal training offers.

The health club division strategy will be to continue to grow revenue and earnings through new developments, acquisitions and organic constant club growth.

Family entertainment centres

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

	2013 US$'000	2012 US$'000	Change %
Total revenue	73,543	56,659	29.8
EBRITDA (excluding pre-opening expenses)	**26,669**	**20,117**	**32.6**
Operating margin	*36.3%*	*35.5%*	
Property costs	(9,513)	(7,322)	29.9
EBITDA	**17,156**	**12,795**	**34.1**

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4 Operating and financial review (continued)

Family entertainment centres

During the year, total US dollar revenue grew by 29.8%, driving EBITDA growth of 34.1%. This was due to new developments and growth in constant centre revenue and earnings, further analysis of which is set out below:

	Revenue 2013 US$'000	Revenue 2012 US$'000	Change %	EBRITDA 2013 US$'000	EBRITDA 2012 US$'000	Change %
Constant centres	57,576	55,108	4.5	24,178	22,834	5.9
New centres	15,967	1,551	929.5	7,068	573	1,133.5
Corporate and regional office expenses/sales and marketing	—	—	—	(4,577)	(3,290)	39.1
Total	**73,543**	**56,659**	**29.8**	**26,669**	**20,117**	**32.6**

Constant centre revenue grew by 4.5%, driven by increased guest spend from value-based limited time promotions, improved food and beverage product range and amusement games. Increasing volumes and disciplined cost management have continued to improve margins.

The overall economy in Texas and the Sun Belt region continues to grow. New centres in San Antonio, Katy and Stafford are exceeding portfolio average revenue. A further centre in Tempe, Arizona is expected to open late in the second quarter of FY14. Negotiations are progressing on four additional sites and the division remains on track to meet the target of 19 centres by the end of FY15.

The family entertainment centre division strategy will be to continue to grow revenue and earnings through new centre development and constant centre growth.

Theme parks

The performance of the Theme parks division is summarised as follows:

	2013 $'000	2012 $'000	Change %
Total revenue	97,086	93,707	3.6
EBRITDA	**32,211**	**30,485**	**5.7**
Operating margin	*33.2%*	*32.5%*	
Property costs	(1,761)	(1,581)	11.4
EBITDA	**30,450**	**28,904**	**5.3**
Attendance	1,874,951	1,736,301	8.0
Per capita spend ($)	51.78	53.97	(4.1)

Earnings returned to growth in the current year with a 5.3% lift in EBITDA. This was driven by increased attendance levels resulting from product, brand and marketing strategies, anchored by successful Unlimited World Pass campaigns with improved value offers.

The new Dreamworks Kung Fu Panda precinct with two new rides opened in December 2012. In addition, the return of Big Brother, a new ride for Wiggles World and two new Tiger Cubs also added new experiences and customer value. Upgrades to food and beverage, retail and photographic product offerings also provided improved guest satisfaction and in-park spending opportunities.

SkyPoint earnings also grew strongly, driven by the inclusion of SkyPoint in the Unlimited World Pass offer, a new Brand strategy, addition of a new breakfast and events business and SkyPoint climb attraction.

During the year, the division grew its margins through refined operating efficiencies and completion of initiatives to combat rising energy and water costs.

A new Tigress, Nika, arrived in June 2013 to support the Dreamworld breeding program and the conservation work of the Dreamworld Wildlife Foundation. The outlook for FY14 is positive with the return of Big Brother for a second series in July 2013, an all new attraction based on Zombies planned for launch in September 2013 and Stage 1 of a new Aboriginal precinct expected to be opened for the December 2013 holidays.

The division will also continue its investment in digital, social and e-commerce platforms.

The strategy of the theme park division is to grow revenue and earnings by continuing to invest in unique products and by providing value and a great experience to its customers.

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4 Operating and financial review (continued)

Marinas

The performance of marinas is summarised as follows:

	2013 $'000	2012 $'000	Change %
Total revenue	23,141	23,672	(2.2)
EBRITDA	**13,034**	**13,256**	**(1.7)**
Operating margin	*56.3%*	*56.0%*	
Property costs	(2,347)	(2,587)	(9.3)
EBITDA	**10,687**	**10,669**	**0.2**

Revenue from marinas fell by $0.5 million, or 2.2%, to $23.1 million, however, EBITDA growth was achieved through careful cost management. Marina revenue principally comprises the following:

	2013 $'000	2012 $'000	Change %
Berthing	12,891	13,014	(0.9)
Land	5,459	5,647	(3.3)
Fuel and other	4,791	5,011	(4.4)
Total	**23,141**	**23,672**	**(2.2)**

Berthing revenues decreased by 0.9% compared to prior year with full year occupancy at 84% and average berthing rates up 2.5% on the prior year. Land revenues also reduced by 3.3% due to restructured lease arrangements with several major tenants; however, the land portfolio remains close to full occupancy. Fuel and other revenues are down 4.4% on the prior year with adverse April 2013 weather impacting Nelson Bay's peak fuel sales period.

The marina division strategy is focused on growing revenue by increasing occupancy at each of its marinas.

Bowling centres

The performance of bowling centres is summarised as follows:

	2013 $'000	2012 $'000	Change %
Total revenue	115,230	114,241	0.9
EBRITDA (excluding pre-opening expenses)	**36,381**	**36,718**	**(0.9)**
Operating margin	*31.6%*	*32.1%*	
Property costs (excluding straight-line rent)	(23,608)	(21,893)	7.8
EBITDA	**12,773**	**14,825**	**(13.8)**

The division recorded total revenues of $115.2 million, with growth of 0.9% compared to the prior year. January and April school holiday performance recorded positive growth, with customers responding well to new value propositions across the school holidays.

	Revenue 2013 $'000	Revenue 2012 $'000	Change %	EBRITDA 2013 $'000	EBRITDA 2012 $'000	Change %
Constant centres	106,927	110,187	(3.0)	48,537	50,284	(3.5)
Centres closed	—	—	—	—	(5)	(100.0)
New centres	8,107	4,001	102.6	3,168	1,602	97.8
Corporate and regional office expenses/sales and marketing	196	53	269.8	(15,324)	(15,163)	1.1
Total	**115,230**	**114,241**	**0.9**	**36,381**	**36,718**	**(0.9)**

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4 Operating and financial review (continued)

Bowling centres (continued)

Constant revenue fell by 3.0% but improved from a decrease of 3.6% in the first half of the year to a decrease of 2.3% in the second half. Similarly, constant centre EBRITDA trends improved substantially from a first half decline of 6.3% to a 0.2% decline in the second half. This improvement was driven by strong school holiday results in the second half of the year, accompanied by tighter management of all controllable costs.

New centres and refurbished centres continue to deliver positive results, with Penrith exceeding expectations and improving performance trends evident in Liverpool, Dee Why and Norwood. During the year, trading in a number of centres, including Panmure, North Strathfield and Rooty Hill have been impacted by development and construction works.

The division continues to focus on its strategy of "exciting & entertaining" its customers and is in the process of building value propositions across all customer segments that is expected to drive loyalty and increased visitation to its centres. FY14 will see continuing focus on controlling costs, with a number of initiatives planned to assist the division in FY14, as well as investing in better technologies and equipment.

Overall the Group benefits from the diversity of its five core operating divisions. Each of the divisions has a growth strategy for FY14 with a common theme of offering the customer high quality product, a consistently high level of customer service and value. The combination of the successful equity raise during the year and the debt facility extension has ensured that the Group has ample capacity to fund future growth.

5 Significant changes in the state of affairs

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

6 Value of assets

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Value of total assets	799,742	675,910	323,793	221,159
Value of net assets	487,290	406,655	82,148	35,626

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

7 Interests in the Group

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

	Consolidated Group 2013	Consolidated Group 2012
Stapled securities on issue at the beginning of the year	334,209,401	318,147,978
Stapled securities issued under Distribution Reinvestment Plan	5,647,860	13,045,759
Stapled securities issued for business acquisitions	39,062,500	2,595,539
Stapled securities issued for Security Purchase Plan	17,363,566	—
Stapled securities issued as part of ALL's employee security-based payments plans	1,520,660	420,125
Stapled securities on issue at the end of the year	**397,803,987**	**334,209,401**

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7 Information on current Directors

Neil Balnaves AO
Chairman
Appointed:
Ardent Leisure Management Limited – 26 October 2001.
Ardent Leisure Limited – 28 April 2003
Age: 69

Neil Balnaves was appointed as Chairman of the Group in 2001. Neil has worked in the entertainment and media industries for over 48 years previously holding the position of Executive Chairman of Southern Star Group Limited which he founded. Neil is a Trustee Member of Bond University and has an Honorary Degree of Doctor of the University. Neil is a member of the Advisory Council and Dean's Circle of the University of New South Wales (Faculty of Medicine) and in 2010 received an Honorary Doctorate of the University.

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

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

Neil is non-executive 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:
None

Interest in stapled securities
2,439,062

Roger Davis
Director
Appointed:
Ardent Leisure Management Limited – 1 September 2009.
Ardent Leisure Limited –28 May 2008
Age: 61

Roger Davis was appointed a Director of the Company in 2008. Roger brings to the Board over 32 years of experience in banking and investment banking in Australia, the US and Japan. Roger is presently Chairman of the Bank of Queensland and a Consulting Director at Rothschild (Australia) Limited and holds directorships at Argo Investments Limited, Aristocrat Leisure Limited, The Trust Company Limited, TIO Limited and AIG Australia Limited. Previously, he was Managing Director at Citigroup where he worked for over 20 years and more recently was a Group Managing Director at ANZ Banking Group.

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

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

Roger is 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:
Charter Hall Office Management Limited (Resigned 30 April 2012)

Interest in stapled securities
130,275

Anne Keating
Director
Appointed:
Ardent Leisure Management Limited – 30 March 1998.
Ardent Leisure Limited – 28 April 2003
Age: 59

Anne Keating was appointed a Director of Ardent Leisure Management Limited in 1998. Anne is currently a Director of REVA Medical Inc., Goodman Group and GI Dynamics, Inc. and is a member of the Advisory Council of CIMB Australia. Anne is also a Director of the Garvan Institute of Medical Research and a Governor of the Cerebral Palsy Alliance Research Foundation.

Anne's former directorships include ClearView Wealth Limited, STW Communications Group Limited, Insurance Australia Group Limited, NRMA, the WorkCover Authority of NSW, the Tourism Task Force (now known as the Tourism and Transport Forum), Spencer Street Station Redevelopment Holdings Limited and the Victor Chang Cardiac Research Institute. Anne 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 and the Audit and Risk Committee.

Former listed directorships in last three years:
STW Communications Group Limited (Resigned 10 February 2011)

ClearView Wealth Limited (Resigned 23 October 2012)

Interest in stapled securities
74,461

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7 Information on current Directors (continued)

Don Morris AO
Director
Appointed:
Ardent Leisure Management Limited – 1 January 2012.
Ardent Leisure Limited – 1 January 2012
Age: 69

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

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

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

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

Don's current directorships include Ausflag Limited and The Sport and Tourism Youth Foundation. He was appointed an Adjunct Professor in Tourism, Leisure, Sport & Hotel Management at Griffith University in 2012.

Don is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Former listed directorships in last three years:
None

Interest in stapled securities
Nil

Greg Shaw
Director and Chief Executive Officer
Appointed:
Ardent Leisure Management Limited – 22 September 2009.
Ardent Leisure Limited – 22 September 2009
Age: 54

Greg Shaw was appointed a Director in September 2009 following the completion of the internalisation project. Greg is the Chief Executive Officer and Managing Director 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 and Environment Committee.

Former listed directorships in last three years:
None

Interest in stapled securities
768,369

George Venardos
Director
Appointed:
Ardent Leisure Management Limited – 22 September 2009.
Ardent Leisure Limited – 22 September 2009
Age: 55

George Venardos was appointed a Director of both the Company and the Manager in September 2009. George is a Chartered Accountant with more than 30 years' experience in finance, accounting, insurance and funds management.

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

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

George is a Director of IOOF Holdings Limited and Perennial Investment Partners Limited, and is the Non-Executive Chairman of BluGlass Limited and Guild Group Holdings Limited.

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

Former listed directorships in last three years:
Miclyn Express Offshore Limited (Resigned 21 June 2013)

Interest in stapled securities
111,592

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9 Meetings of Directors

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

	Full meetings of Directors		Meetings of Committees: Audit and Risk		Meetings of Committees: Remuneration and Nomination		Meetings of Committees: Safety, Sustainability and Environment	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Neil Balnaves AO	8	7	4	4	5	4	N/A	N/A
Roger Davis	8	8	4	4	5	5	4	4
Anne Keating	8	8	4	4	5	5	N/A	N/A
Don Morris AO	8	8	4	4	5	5	N/A	N/A
Greg Shaw	8	8	N/A	N/A	N/A	N/A	4	4
George Venardos	8	8	4	4	5	5	4	4

10 Company Secretary

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

Alan has over 14 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 a Fellow of the Institute of Chartered Secretaries and Administrators.

11 Remuneration report

The Manager and the Directors of ALL present the remuneration report for the Group for the year ended 30 June 2013.

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

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

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

a) Key remuneration objectives

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

In May 2013, the Remuneration and Nomination Committee engaged independent remuneration consultants from Aon Hewitt to benchmark the remuneration packages and structure of the Chief Executive Officer and the Chief Financial Officer prior to remuneration and performance reviews to be undertaken after the financial year end. This benchmark exercise did not include the provision of a recommendation; however, the exercise was conducted on arm's length terms from management and reported directly to the Chair of the Remuneration and Nomination Committee. As the Group operates in specialised sectors, difficulties arise in benchmarking executives' remuneration. In order to provide a more meaningful assessment, the scope of the Aon Hewitt benchmark exercise was expanded to (where possible) include unlisted groups and businesses that shared the same international footprint, diversity of operations and complexity of structure.

The remuneration packages of the Chief Executive Officer and the Chief Financial Officer for the financial year are set out in the table below:

Position	Base salary	STI	DSTI	LTI	Total target remuneration
Chief Executive Officer	$750,000	50%	25%	37.5%	$1,593,750
Chief Financial Officer	$400,000	50%	25%	37.5%	$850,000

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

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11 Remuneration report (continued)

b) Remuneration framework and strategy

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

i) Non-Executive Directors

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

Non-Executive Directors are paid solely by the way of directors' fees and do not participate in any equity or short term cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum aggregate of directors' fees payable to Directors of the Group is set out in clause 16.1 of the Constitution of Ardent Leisure Limited. The maximum total aggregate level of directors' fees payable by the Group is $940,000 per annum and was set by investors at the 27 October 2011 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 and Risk Committee – Chair	$20,000
– Member	$15,000
Remuneration and Nomination Committee membership	$7,500
Saftey, Sustainability and Environment 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		
	STI	DSTI	LTIP
A total employment cost which can be made up of a mix of cash salary, employer superannuation contributions, non-financial benefits such as provision of a motor vehicle.	Cash performance bonus set against pre-determined key performance indicators.	Equity incentive based upon actual cash bonus paid and deferred for one and two years.	Equity incentive aligned to targeted investor returns.
SECURE	AT RISK	AT RISK	AT RISK

Base pay

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

Performance incentives

Performance incentives may take the form of Short Term Incentives (STI), Deferred Short Term Incentives (DSTI) or Long Term Incentive Plan (LTIP).

STI

The STI or bonus program is designed to reward executives for achievement of a number of key performance indicators (KPIs). These KPIs are split into financial and personal categories with the financial measures representing 50% of an executive's STI entitlement and personal measures representing the remaining 50% for the year ended 30 June 2013.

KPI	Maximum STI Entitlement
Earnings and revenue-based financial measures	50%
Personal & Board discretionary	50%
Total	**100%**

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11 Remuneration report (continued)

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

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

Example of personal KPIs
— Develop a dynamic capital adequacy plan to address the following criteria: • Competitive cost of capital; • Innovative funding flexibility; • Distribution/dividend policy; and • Future balance sheet and cash flow capacity to meet the strategic needs of the Group.
— Review and present the Group's five year strategic vision and plan.
— Drive improvements across the Group in employee workers compensation claims with a view to creating a long term reduction in lost time injury frequency rate.

The extent to which an executive achieves their personal and financial KPIs is assessed by the Remuneration and Nomination Committee based upon recommendations from the Managing Director. The resulting cash 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 investors and when profit is consistent with the Group's business plan.

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

DSTI

The DSTI program was established by the Directors on 1 July 2010 to provide a retention incentive for key employees. The DSTI is linked to the actual achievement of KPIs under the STI plan with a percentage of the actual STI paid to an executive being matched in performance rights to acquire fully paid Group stapled securities for $nil exercise price. The performance rights issued under the DSTI vest in two equal tranches in 12 months and 24 months.

It should be noted that KMP are required to forego a component of their LTIP entitlement in order to participate in the DSTI. In this way, a component of the LTIP was simply moved into the DSTI and overall remuneration packages remained broadly unchanged.

LTIP

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

iii) Alignment with investor interests

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

In the 2013 financial year, KMP KPIs were set to drive divisional and Group earnings, with targets set within the Group's budgetary framework. In this way, the KPIs used to determine performance under the STI are used to align KMP remuneration with sustainable earnings growth and other operational long term goals. The DSTI is aligned to these KPIs and acts as a two year retention tool to ensure that earnings targets are not achieved at the expense of long term profitability and growth.

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

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. In December 2012, the Directors reviewed the list of those executives previously assessed as being KMP to take into account the growing diversity of the Group's earnings streams. Based upon divisional earnings materiality to the Group, and in addition to the Group's Non-Executive Directors, KMP for the year ended 30 June 2013 were considered to comprise the following:

Position	Name
Chief Executive Officer	Greg Shaw
Chief Financial Officer	Richard Johnson
CEO - Bowling	Lee Chadwick
CEO - Theme parks	Todd Coates
CEO - Main Event	Charlie Keegan
CEO Health clubs	Greg Oliver

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11 Remuneration report (continued)

Details of the remuneration of KMP of the Group for 2013 and 2012 are set out in the table below. The table sets 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 benefit expense. Further details of the fair value calculations are set out in sections (e) and (f) below.

		Short-term benefits		Post-employment benefits		Other long-term benefits						
	Year	Salary $	Cash bonus $	Superannuation $	Retirement $	Retention $	Other $	Termination $	Total cash payment $	Security-based payments $	Total $	Security-based payment % of total
Independent Directors												
Neil Balnaves AO												
Chairman	2013	181,098	—	16,402	—	—	—	—	197,500	—	197,500	—
	2012	181,725	—	15,775	—	—	—	—	197,500	—	197,500	—
Roger Davis	2013	128,440	—	11,560	—	—	—	—	140,000	—	140,000	—
	2012	128,440	—	11,560	—	—	—	—	140,000	—	140,000	—
Anne Keating	2013	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
	2012	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
Donald Morris AO [(1)]	2013	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
	2012	58,198	—	5,238	—	—	—	—	63,436	—	63,436	—
George Venardos	2013	133,027	—	11,973	—	—	—	—	145,000	—	145,000	—
	2012	133,027	—	11,973	—	—	—	—	145,000	—	145,000	—
Executive Director												
Greg Shaw	2013	733,530	281,250	16,470	—	—	—	—	1,031,250	469,616	1,500,866	31.3%
Chief Executive Officer	2012	734,225	345,000	15,775	—	—	—	—	1,095,000	506,179	1,601,179	31.6%
Other key management personnel												
Current Executives												
Richard Johnson	2013	383,530	160,000	16,470	—	—	—	—	560,000	254,042	814,042	31.2%
Chief Financial Officer	2012	384,225	185,080	15,775	—	—	—	—	585,080	272,578	875,658	31.8%
Lee Chadwick [(2)]	2013	268,107	40,192	14,084	—	—	—	—	322,383	—	322,383	—
CEO – Bowling	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Todd Coates [(3)]	2013	333,530	12,500	16,470	—	—	—	—	362,500	—	362,500	—
CEO – Theme parks	2012	241,037	37,115	11,831	—	—	—	—	289,983	—	289,983	—
Charlie Keegan	2013	318,440	97,737	—	—	—	—	—	416,177	290,982	707,159	41.1%
CEO – Main Event	2012	288,628	92,602	—	—	—	—	—	381,230	158,779	540,009	29.4%
Greg Oliver	2013	387,966	99,360	16,470	—	—	5,564	—	509,360	139,044	648,404	21.4%
CEO – Health Clubs	2012	344,225	98,100	15,775	—	—	—	—	458,100	114,339	572,439	20.0%
Past Executives												
Marcus Anketell [(4)]	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CEO – Marinas	2012	189,055	33,812	13,322	—	—	—	—	263,189	18,680	254,869	7.3%
Roy Menachemson [(5)]	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CEO – Development	2012	345,075	145,242	15,775	—	—	—	—	506,092	107,135	613,227	17.5%
Jordan Rodgers [(6)]	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex CEO – Bowling	2012	275,318	51,012	15,775	—	—	—	39,074	381,179	(45,909)	335,270	(13.7%)
Noel Dempsey [(7)]	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ex CEO – Theme parks	2012	55,363	—	1,315	—	—	—	243,349	300,027	9,020	309,047	2.9%
Total 2013		**3,110,788**	**691,039**	**141,779**	**—**	**—**	**5,564**	**—**	**3,949,170**	**1,153,684**	**5,102,854**	**22.6%**
Total 2012		**3,480,101**	**987,963**	**160,829**	**—**	**—**	**—**	**282,423**	**4,911,316**	**1,140,801**	**6,052,116**	**18.8%**

(1) Don Morris AO was appointed a Non-Executive Director of the Group effective 1 January 2012 and is considered KMP from this date.
(2) Lee Chadwick was appointed CEO of the Bowling division on 10 September 2012 and is considered KMP from this date.
(3) Todd Coates was appointed CEO of the Theme Parks division on 3 October 2011 and is considered KMP from this date. Todd Coates resigned from the Group effective 31 July 2013.
(4) Marcus Anketell has not met the definition of KMP for the financial year ended 30 June 2013.
(5) Roy Menachemson has not met the definition of KMP for the financial year ended 30 June 2013.
(6) Jordan Rodgers resigned from the Group effective 20 April 2012.
(7) Noel Dempsey resigned from the Group effective 31 July 2011.

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11 Remuneration report (continued)

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

Security-based payments included in the tables above reflect the amounts in the Income Statements of the Group. For Australian KMP, this amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting or reporting date for those instruments not yet vested. For US KMP, this amount is based on the fair value of the equity instruments at the reporting date. During the year, 795,504 plan securities were issued to Australian employees under the terms of the DSTI (2012: 420,125). If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in KMP compensation would be increased by $1,900,016 to $3,053,700 (2012: increased by $503,000 to $1,644,000).

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11 Remuneration report (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 payment of performance related cash bonuses and participation in the Group's long term incentive plans. Other major provisions of the agreements relating to remuneration are set out below:

Greg Shaw
Chief Executive Officer
Term
No fixed term.
Base salary
$750,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless the executive gives the Group six month's notice in writing, or the Group gives the executive 12 month's notice in writing.

Richard Johnson
Chief Financial Officer
Term
No fixed term.
Base salary
$400,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives six month's notice in writing.

Lee Chadwick
CEO – Bowling
Term
No fixed term.
Base salary
$350,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

Todd Coates
CEO – Theme Parks
Term
No fixed term.
Base salary
$350,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

Charlie Keegan
CEO – Main Event
Term
Contract to 14 February 2015 with automatic renewal on a year by year basis thereafter.
Base salary
USD$325,000 for the year ended 30 June 2013.
Termination
During the contract term, employment shall continue with the Group unless the executive gives three month's notice in writing. An early termination payment equal to one year's salary is payable to the executive if the Group terminates the executive during the contract, other than for gross misconduct.

Greg Oliver
CEO – Health Clubs
Term
No fixed term, however may not be terminated earlier than September 2015 unless certain early termination conditions are triggered.
Base salary
$410,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

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

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11 Remuneration report (continued)

e) Deferred Short Term Incentive Plan (DSTI)

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 DSTI contemplates that cash awards will be granted to those executives and will be subject to the same tenure hurdles.

What restrictions are there on the securities?
Performance rights are non-transferable.

When can the securities vest?
The plan contemplates that the performance rights will vest equally one and two years following the grant date.

What are the vesting conditions?
Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.

Did any of the securities vest?
During the financial year, a total of 910,553 performance rights vested.

Australian Employees
Since the DSTI was approved in July 2010, incentives have been provided to certain executives under the DSTI. Under the terms of the DSTI, participants may be granted performance rights of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 16 December 2010, with the first possible vesting date being the day after the full year results announcement for the year ended 30 June 2011. A total of 795,504 performance rights vested on 24 August 2012 and 30 October 2012 and a corresponding number of stapled securities were issued to Australian employees under the terms of the DSTI (2012: 420,125).

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

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

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

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

US employees
Due to restrictions on the issue of securities to US residents, those US executives eligible for the DSTI 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 (VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 115,049 cash settled performance rights vested on 24 August 2012 to US employees under the terms of the DSTI (2012: 40,802).

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11 Remuneration report (continued)

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

Fair value – US employees

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

For the performance rights outstanding at 30 June 2013, 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 2013:

Grant	2011	2012
Grant date	12 September 2011	24 August 2012
Vesting dates – year 1	24 August 2012 30 October 2012	31 August 2013
Vesting date – year 2	31 August 2013	31 August 2014
Average risk free rate	3.57% per annum	2.80% per annum
Expected price volatility	40% per annum	35% per annum
Expected distribution yield	11.0% per annum	9.1% per annum
Stapled security price at grant date	$1.055	$1.29
Valuation per performance right on issue	$0.90	$1.15

The table below shows the fair value of the performance rights in each grant as at 30 June 2013 as well as the factors used to value the performance rights as at 30 June 2013. This valuation is used to value the performance rights granted to US employees at 30 June 2013:

Grant	2011	2012
Grant date	12 September 2011	24 August 2012
Vesting date – year 1	24 August 2012	31 August 2013
Vesting date – year 2	31 August 2013	31 August 2014
Average risk free rate	2.58% per annum	2.58% per annum
Expected price volatility	31% per annum	31% per annum
Expected distribution yield	6.9% per annum	6.9% per annum
Share price at year end	$1.715	$1.715
Valuation per performance right at year end	$1.5050	$1.6485

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

Tenure hurdle

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

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11 Remuneration report (continued)

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

Performance rights

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

30 June 2013	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current Executives							
Lee Chadwick	—	—	—	—	—	—	—
Todd Coates	—	34,169	—	(34,169)	—	—	—
Richard Johnson	142,761	69,732	(91,350)	—	121,143	—	121,143
Greg Oliver	133,924	86,607	(79,424)	—	141,107	—	141,107
Greg Shaw	260,836	122,576	(165,002)	—	218,410	—	218,410
Equity-settled	**537,521**	**313,084**	**(335,776)**	**(34,169)**	**480,660**	**—**	**480,660**
Charlie Keegan	128,892	83,307	(77,624)	—	134,575	—	134,575
Cash-settled	**128,892**	**83,307**	**(77,624)**	**—**	**134,575**	**—**	**134,575**
Past Executives							
Marcus Anketell	21,991	N/A	N/A	N/A	N/A	N/A	N/A
Roy Menachemson	65,021	N/A	N/A	N/A	N/A	N/A	N/A
Total performance rights	**753,425**	**396,391**	**(413,400)**	**(34,169)**	**615,235**	**—**	**615,235**

f) 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 non-transferable.

When can the securities vest?

The plan contemplates that the performance rights will vest equally in the two, three and four years following the grant date assuming the total shareholder return (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 group 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?

During the financial year, a total of 734,083 performance rights reached vesting following an independent third party assessment of the Group's TSR performance compared to the benchmark.

Australian Employees

Since 1 July 2009, long term incentives have been provided to certain executives under the LTIP. Under the terms of the LTIP and the initial grant, employees may be granted performance rights of which one third will vest two years after grant date, one third will vest three years after grant date and one third will vest four years after grant date. The percentage of performance rights which may vest is subject to the TSR performance of the Group relative to its peer group, which is the ASX Small Industrials Index. 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 ended 30 June 2011.

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11 Remuneration report (continued)

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

During the year, the relative TSR performance of the Group was tested in accordance with the LTIP. In the case of the second tranche of performance rights issued in 2009, the Group's performance over the testing period achieved the 52nd percentile and accordingly 55.3% of the performance rights vested to participants and the remainder of the tranche automatically lapsed. The first tranche of performance rights issued in 2010 were also tested and, as the Group's TSR performance reached the 82nd percentile, 100% of the tranche vested to participants.

A total of 695,682 performance rights vested on 24 August 2012 and 30 October 2012 and a corresponding number of stapled securities were issued to Australian employees under the terms of the LTIP (2012: nil).

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

Fair value – Australian employees

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

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

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

US employees

Due to 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 VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 38,401 cash settled performance rights vested on 24 August 2012 to US employees under the terms of the LTIP (2012: nil).

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

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11 Remuneration report (continued)

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

Valuation inputs

For performance rights outstanding at 30 June 2013, 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 2013:

Grant	2009	2010	2011	2012
Grant date	4 December 2009	16 December 2010	12 September 2011	24 August 2012
Vesting date – year 2	19 August 2011	24 August 2012	31 August 2013	31 August 2014
Vesting date – year 3	24 August 2012	31 August 2013	31 August 2014	31 August 2015
Vesting date – year 4	31 August 2013	31 August 2014	31 August 2015	31 August 2016
Average risk free rate	4.64% per annum	5.10% per annum	3.49% per annum	2.73% per annum
Expected price volatility	55% per annum	45% per annum	40% per annum	35% per annum
Expected distribution yield	10.0% per annum	10.0% per annum	11.0% per annum	9.1% per annum
Staple security price at grant date	$1.635	$1.065	$1.055	$1.290
Valuation per performance right on issue	$0.89	$0.52	$0.44	$0.61

The table below shows the fair value of the performance rights for each grant as at 30 June 2013 as well as the factors used to value the performance rights at 30 June 2013. This valuation is used to value the performance rights granted to US employees at 30 June 2013:

Grant	2009	2010	2011	2012
Grant date	4 December 2009	16 December 2010	12 September 2011	24 August 2012
Vesting date – year 2	19 August 2011	24 August 2012	31 August 2013	31 August 2014
Vesting date – year 3	24 August 2012	31 August 2013	31 August 2014	31 August 2015
Vesting date – year 4	31 August 2013	31 August 2014	31 August 2015	31 August 2016
Average risk free rate	2.58% per annum	2.58% per annum	2.58% per annum	2.58% per annum
Expected price volatility	31% per annum	31% per annum	31% per annum	31% per annum
Expected distribution yield	6.9% per annum	6.9% per annum	6.9% per annum	6.9% per annum
Share price at year end	$1.751	$1.715	$1.715	$1.715
Valuation per performance right at year end	$0.91	$1.49	$1.37	$1.09

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

Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's TSR 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.

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11 Remuneration report (continued)

f) 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:

30 June 2013	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current Executives							
Lee Chadwick	—	—	—	—	—	—	—
Todd Coates	—	71,815	—	(71,815)	—	—	—
Richard Johnson	879,065	246,225	(166,598)	(46,804)	911,888	—	911,888
Greg Oliver	191,928	84,127	(29,619)	—	246,436	—	246,436
Greg Shaw	1,648,245	461,671	(312,372)	(87,757)	1,709,787	—	1,709,787
Equity-settled	**2,719,238**	**863,838**	**(508,589)**	**(206,376)**	**2,868,111**	**—**	**2,868,111**
Charlie Keegan	172,966	51,115	(32,756)	(11,560)	179,765	—	179,765
Cash-settled	**172,966**	**51,115**	**(32,756)**	**(11,560)**	**179,765**	**—**	**179,765**
Past Executives							
Marcus Anketell	45,809	N/A	N/A	N/A	N/A	N/A	N/A
Roy Menachemson	314,938	N/A	N/A	N/A	N/A	N/A	N/A
Total performance rights	**3,252,951**	**914,953**	**(541,345)**	**(217,936)**	**3,047,876**	**—**	**3,047,876**

g) Additional information

Performance of the Group

Over the past five years, core earnings of the Group have increased by 11.1% and the market capitalisation of the Group has increased by 98.8%. In prior years, the definition of KMP meant that KMP remuneration only included fees to Directors and management fees payable to the Manager. In 2010, following the internalisation of the Manager, the definition of KMP extended to include executives of both the Manager and ALL. The change in definition of KMP has meant that KMP remuneration significantly increased from 1 July 2009 so that five year comparisons do not correlate to changes in Group earnings and market capitalisation.

	2013	2012	2011	2010	2009
Security price as at 30 June	$1.72	$1.28	$1.28	$0.99	$1.42
Half year distribution per security	$0.0660	$0.0650	$0.0650	$0.0650	$0.0650
Distribution reinvestment price	N/A	$1.0073	$0.9872	$1.6826	$0.9727
Full year distribution per security	$0.0540	$0.0520	$0.0500	$0.0430	$0.0780
Distribution reinvestment price	$1.6841	$1.2373	$1.2496	$0.9915	$1.4048
Number of securities on issue as at 30 June	397,803,987	334,209,401	318,147,978	309,109,468	241,590,377
Market capitalisation as at 30 June ($ million)	$682.2	$426.1	$405.6	$306.0	$343.1
Investor value of $5,000 Investment as at 30 June 2008 (Based upon an initial security price of $1.49)	$9,229	$6,409	$5,780	$4,049	$5,363

11 Remuneration report (continued)

g) 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 2012 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 2013 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 one, two, three and four years, provided the vesting conditions are met. No plan securities or performance rights will vest if the conditions are not satisfied; hence, the minimum value of the plan securities and performance rights yet to vest is $nil.

DSTI

Under the terms of the initial 2010 grant, performance rights under the DSTI were allocated on the basis of a valuation dated 23 August 2010. A valuation difference of $0.13 per performance right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates and a shorter vesting period.

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

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

LTIP

Under the terms of the initial 2009 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 right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

Under the terms of the 2010 grant, performance rights were allocated on the basis of a valuation dated 23 August 2010 being the date 24 hours after the release of the 2010 financial year results. A valuation difference of $0.06 per performance right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

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

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

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10 Remuneration report (continued)

g) Additional information (continued)

Details of remuneration: cash bonuses and options (continued)

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

		Year granted	Tranche	Financial years in which performance rights may vest		Lapsed	Vested	Cash STI awarded	Cash STI forfeited
Current executives				Year	Number	Number	Number	%	%
Equity settled									
Lee Chadwick	—	—	—	—	—	—	—	—	—
Todd Coates	LTIP	2012	T1	2015	23,938	23,938	—	32.0	68.0
			T2	2016	23,938	23,938	—		
			T3	2017	23,939	23,939	—		
	DSTI	2012	T1	2014	17,084	17,084	—		
			T2	2015	17,085	17.085	—		
Richard Johnson	LTIP	2009	T2	2013	104,707	46,804	57,903	80.0	20.0
			T3	2014	104,707	—	—		
		2010	T1	2013	108,695	—	108,695		
			T2	2014	108,696	—	—		
			T3	2015	108,696	—	—		
		2011	T1	2014	114,521	—	—		
			T2	2015	114,521	—	—		
			T3	2016	114,522	—	—		
		2012	T1	2015	82,075	—	—		
			T2	2016	82,075	—	—		
			T3	2017	82,075	—	—		
	DSTI	2010	T2	2013	39,939	—	39,939		
		2011	T1	2013	51,411	—	51,411		
			T2	2014	51,411	—	—		
		2012	T1	2014	34,866	—	—		
			T2	2015	34,866	—	—		
Greg Oliver	LTIP	2010	T1	2013	29,619	—	29,619	92.0	8.0
			T2	2014	29,620	—	—		
			T3	2015	29,620	—	—		
		2011	T1	2014	34,356	—	—		
			T2	2015	34,356	—	—		
			T3	2016	34,357	—	—		
		2012	T1	2015	28,042	—	—		
			T2	2016	28,042	—	—		
			T3	2017	28,043	—	—		
	DSTI	2010	T2	2013	24,924	—	24,924		
		2011	T1	2013	54,500	—	54,500		
			T2	2014	54,500	—	—		
		2012	T1	2014	43,303	—	—		
			T2	2015	43,304	—	—		

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11 Remuneration report (continued)

g) Additional information (continued)

Details of remuneration: cash bonuses and options (continued)

		Year granted	Tranche	Financial years in which performance rights may vest		Lapsed	Vested	Cash STI awarded	Cash STI forfeited
Current executives (continued)				Year	Number	Number	Number	%	%
Equity settled (continued)									
Greg Shaw	LTIP	2009	T2	2013	196,325	87,757	108,568	75.0	25.0
			T3	2014	196,325	—	—		
		2010	T1	2013	203,804	—	203,804		
			T2	2014	203,804	—	—		
			T3	2015	203,805	—	—		
		2011	T1	2014	214,727	—	—		
			T2	2015	214,727	—	—		
			T3	2016	214,728	—	—		
		2012	T1	2015	153,890	—	—		
			T2	2016	153,890	—	—		
			T3	2017	153,891	—	—		
	DSTI	2010	T2	2013	69,169	—	69,169		
		2011	T1	2013	95,833	—	95,833		
			T2	2014	95,834	—	—		
		2012	T1	2014	61,288	—	—		
			T2	2015	61,288	—	—		
Cash Settled									
Charlie Keegan	LTIP	2009	T2	2013	25,863	11,560	14,303	95.0	5.0
			T3	2014	25,863	—	—		
		2010	T1	2013	18,453	—	18,453		
			T2	2014	18,453	—	—		
			T3	2015	18,454	—	—		
		2011	T1	2014	21,960	—	—		
			T2	2015	21,960	—	—		
			T3	2016	21,960	—	—		
		2012	T1	2015	17,038	—	—		
			T2	2016	17,038	—	—		
			T3	2017	17,039	—	—		
	DSTI	2010	T2	2013	26,357	—	26,357		
		2011	T1	2013	51,267	—	51,267		
			T2	2014	51,268	—	—		
		2012	T1	2014	41,653	—	—		
			T2	2015	41,654	—	—		

Directors' Interests in Securities

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

	Opening balance	Acquired	Disposed	Closing balance
Neil Balnaves AO	1,169,062	1,270,000	—	2,439,062
Roger Davis	50,857	79,418	—	130,275
Anne Keating	62,743	11,718	—	74,461
Don Morris AO	—	—	—	—
Greg Shaw	268,771	499,598	—	768,369
George Venardos	84,581	27,011	—	111,592
	1,636,014	**1,887,745**	**—**	**3,523,759**

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11 Remuneration report (continued)

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

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

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

At the AGM held on 30 October 2012 the following votes were cast on the adoption of the 2012 Remuneration Report:

	Votes For	Votes Against	Votes Abstain
Adoption of the Remuneration Report	% 97.3	% 1.5	% 1.2

12 Non-audit services

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

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

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

— All non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and

— None of the services undermine the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

13 Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 48.

14 Events occurring after reporting date

Subsequent to 30 June 2013, a distribution of 5.4 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $21.5 million will be paid on or before 30 August 2013 in respect of the half year ended 30 June 2013.

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 2013.

15 Likely developments and expected results of operations

The financial statements have been prepared on the basis of the current known market conditions. The extent to which any potential 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.

16 Indemnification and insurance of officers and auditor

Manager

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

ALL

Under ALL's Constitution, ALL indemnifies:

— All past and present officers of ALL, and persons concerned in or taking part in the management of ALL, against all liabilities incurred by them in their respective capacities in successfully defending proceedings against them; and

— All past and present officers of ALL against liabilities incurred by them, in their respective capacities as an officer of ALL, to other persons (other than ALL or its related parties), unless the liability arises out of conduct involving a lack of good faith.

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16 Indemnification and insurance of officers and auditor (continued)

ALL (continued)

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.

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

The interests in the Trust held by the Manager or its related entities as at 30 June 2013 and fees paid to its related entities during the financial year are disclosed in Notes 7 and 36 to the financial statements.

18 Environmental regulations

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

a) Dreamworld

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

The environment committee meets on a bi-monthly basis to pursue environmental projects and improve environmental performance. An energy conservation programme was rolled out throughout the organisation. A mobile phone recycling programme continued throughout the park as well as other local organisations. 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 eight years. Staff also carried out voluntary programmes aimed at the humane treatment of pests, removal of noxious weeds and other sustainability initiatives. These initiatives were additionally integrated into existing staff training programmes to further strengthen environmental culture within the organisation.

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 licenses and permits remain current and Dreamworld has complied fully with the requirements of each.

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

b) d'Albora Marinas

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

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

c) Bowling centres – Australia

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

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

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

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

d) Bowling centres – New Zealand

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

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e) Family entertainment centres – United States of America
Main Event is subject to various Federal, State and local environmental requirements with respect to development of new centres in the United States of America. At a Federal level, the Environmental Protection Agency is responsible for setting national standards for a variety of environmental programs, and delegates to states the responsibility for issuing permits and for monitoring and enforcing compliance. 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 programme has been implemented across the business, assisting with reduction of waste products and meeting environmental standards.

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

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

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

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

The National Greenhouse and Energy Reporting Act 2007 requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required. The Group submitted its 2011/2012 emissions report under the Act in October 2012.

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

19 Rounding of amounts to the nearest thousand dollars

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

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

Neil Balnaves

Neil Balnaves AO
Director

Sydney
21 August 2013

Auditor's independence Declaration

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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 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Timothy J Allman
Partner

PricewaterhouseCoopers

Brisbane
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Income Statements
For the year ended 30 June 2013

	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Income					
Revenue from operating activities	3	448,903	390,074	448,903	390,074
Management fee income	7(b)	—	—	1,200	1,600
Property valuation gains		90	—	—	—
Net gain from derivative financial instruments	6	602	—	—	—
Interest income		228	443	185	369
Gain on acquisition	32	2,613	—	2,613	—
Gain on sale of assets		313	—	293	—
Total income		**452,749**	**390,517**	**453,194**	**392,043**
Expenses					
Purchases of finished goods		42,051	38,531	42,051	38,531
Salary and employee benefits		167,469	153,192	169,621	153,855
Borrowing costs	4	12,288	12,914	7,531	7,501
Property expenses	5	68,749	55,906	120,241	107,106
Depreciation and amortisation		37,303	30,218	18,141	11,511
Loss on sale of assets		—	66	—	45
Advertising and promotions		17,575	15,880	17,575	15,880
Repairs and maintenance		20,711	17,916	20,711	17,916
Pre-opening expenses		2,527	1,064	2,438	1,064
Business acquisition costs		1,507	166	1,607	66
Property valuation losses		—	15,507	—	—
Net loss from derivative financial instruments	6	—	392	—	—
Other expenses	8	43,618	33,578	43,084	32,941
Total expenses		**413,798**	**375,330**	**443,000**	**386,416**
Profit before tax expense		38,951	15,187	10,194	5,627
US withholding tax expense		186	222	—	—
Income tax expense	10	3,148	2,338	3,101	2,383
Profit		**35,617**	**12,627**	**7,093**	**3,244**
Attributable to:					
Stapled security holders		35,617	12,627	7,093	3,244
Profit		**35,617**	**12,627**	**7,093**	**3,244**

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

	Note	Consolidated Group 2013	Consolidated Group 2012	ALL Group 2013	ALL Group 2012
Basic earnings per security/share (cents)	11	9.32	3.87	1.86	0.99
Diluted earnings per security/share (cents)	11	9.24	3.83	1.84	0.98
Distribution in respect of the year ended 30 June	12	47,734	38,454	—	—
Distribution per security/share in respect of the year ended 30 June (cents)	12	12.00	11.70	—	—

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Statements of Comprehensive Income
For the year ended 30 June 2013

	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Profit		**35,617**	**12,627**	**7,093**	**3,244**
Other comprehensive income:					
Items that may be reclassified to profit and loss					
Cash flow hedges	30	1,529	(1,791)	—	—
Foreign exchange translation difference	30	(636)	1,383	2,472	542
Items that will not be reclassified to profit and loss					
Revaluation of property, plant and equipment	30	9,103	(7,621)	—	1,980
Income tax relating to these items	30	—	(646)	—	(646)
Other comprehensive income for the year, net of tax		**9,996**	**(8,675)**	**2,472**	**1,876**
Total comprehensive income for the year, net of tax		**45,613**	**3,952**	**9,565**	**5,120**
Attributable to:					
Stapled security holders		45,613	3,952	9,565	5,120
Total comprehensive income for the year, net of tax		**45,613**	**3,952**	**9,565**	**5,120**

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

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Balance Sheets
As at 30 June 2013

	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Current assets					
Cash and cash equivalents	33	12,953	11,693	12,481	8,554
Receivables	13	7,049	5,679	9,290	11,520
Derivative financial instruments	14	575	270	—	—
Inventories	15	9,780	8,817	9,780	8,817
Property held for sale	16	4,210	—	4,210	—
Other	17	9,402	9,942	5,956	7,581
Total current assets		**43,969**	**36,401**	**41,717**	**36,472**
Non-current assets					
Investment properties	18	95,232	94,915	—	—
Property, plant and equipment	19	461,915	402,409	83,450	42,601
Livestock	20	305	353	305	353
Intangible assets	21	196,788	139,838	196,788	139,739
Deferred tax assets	22	1,533	1,994	1,533	1,994
Total non-current assets		**755,773**	**639,509**	**282,076**	**184,687**
Total assets		**799,742**	**675,910**	**323,793**	**221,159**
Current liabilities					
Payables	23	63,977	59,800	54,343	48,234
Derivative financial instruments	14	584	247	—	—
Interest bearing liabilities	24	238	229	238	229
Current tax liabilities		2,617	2,002	2,617	2,002
Provisions	25	2,990	2,735	2,990	2,735
Other	26	2,101	1,718	2,101	1,694
Total current liabilities		**72,507**	**66,731**	**62,289**	**54,894**
Non-current liabilities					
Derivative financial instruments	14	1,307	3,204	—	—
Interest bearing liabilities	24	227,628	193,225	168,346	124,544
Provisions	25	2,011	1,631	2,011	1,631
Deferred tax liabilities	27	8,999	4,464	8,999	4,464
Total non-current liabilities		**239,945**	**202,524**	**179,356**	**130,639**
Total liabilities		**312,452**	**269,255**	**241,645**	**185,533**
Net assets		**487,290**	**406,655**	**82,148**	**35,626**
Equity					
Contributed equity	28	501,416	421,900	14,202	11,960
Reserves	30	(45,817)	(45,504)	(576)	(3,048)
Retained profits/(accumulated losses)	31	31,691	30,259	(2,837)	(6,310)
Total equity attributable to shareholders		**487,290**	**406,655**	**10,789**	**2,602**
Non-controlling interests		**—**	**—**	**71,359**	**33,024**
Total equity		**487,290**	**406,655**	**82,148**	**35,626**

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

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Statements of Changes in Equity
For the year ended 30 June 2013

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	Note	Contributed equity $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Non-controlling interests $'000	Total $'000
Consolidated Group						
Total equity at 1 July 2011		404,010	(30,214)	46,980	—	420,776
Profit for the period as reported in the 2012 financial statements		—	—	12,627	—	12,627
Other comprehensive income		—	(8,675)	—	—	(8,675)
Total comprehensive income		**—**	**(8,675)**	**12,627**	**—**	**3,952**
Transactions with owners in their capacity as owners:						
Security-based payments	30	—	1,019	—	—	1,019
Contributions of equity, net of issue costs	28	17,422	—	—	—	17,422
Security-based payments - securities/shares issued	28	468	—	—	—	468
Distributions paid and payable	31	—	—	(36,982)	—	(36,982)
Reserve transfers	30	—	(7,634)	7,634	—	—
Total equity at 30 June 2012		**421,900**	**(45,504)**	**30,259**	**—**	**406,655**
Profit for the period		—	—	35,617	—	35,617
Other comprehensive income		—	9,996	—	—	9,996
Total comprehensive income		**—**	**9,996**	**35,617**	**—**	**45,613**
Transactions with owners in their capacity as owners:						
Security-based payments	30	—	(862)	—	—	(862)
Contributions of equity, net of issue costs	28	77,585	—	—	—	77,585
Security-based payments - securities/shares issued	28	1,931	—	—	—	1,931
Distributions paid and payable	31	—	—	(43,632)	—	(43,632)
Reserve transfers	30	—	(9,447)	9,447	—	—
Total equity at 30 June 2013		**501,416**	**(45,817)**	**31,691**	**—**	**487,290**
ALL Group						
Total equity at 1 July 2011		10,567	(4,924)	(7,093)	33,024	31,574
Profit for the period as reported in the 2012 financial statements		—	—	3,244	—	3,244
Other comprehensive income		—	1,876	—	—	1,876
Total comprehensive income		**—**	**1,876**	**3,244**	**—**	**5,120**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	28	1,358	—	—	—	1,358
Security-based payments - securities/shares issued	28	35	—	—	—	35
Dividends paid and payable	31	—	—	(2,461)	—	(2,461)
Total equity at 30 June 2012		**11,960**	**(3,048)**	**(6,310)**	**33,024**	**35,626**
Profit for the period		—	—	7,093	—	7,903
Other comprehensive income		—	2,472	—	—	2,472
Total comprehensive income		**—**	**2,472**	**7,093**	**—**	**9,565**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of issue costs	28	2,185	—	—	—	2,185
Security-based payments - securities/shares issued	28	57	—	—	—	57
Issue of convertible notes		—	—	—	38,335	38,335
Dividends paid and payable	31	—	—	(3,620)	—	(3,620)
Total equity at 30 June 2013		**14,202**	**(576)**	**(2,837)**	**71,359**	**82,148**

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

Statements of Cash Flows
For the year ended 30 June 2013

	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Cash flows from operating activities					
Receipts from customers		492,258	426,599	494,486	426,597
Payments to suppliers and employees		(338,753)	(298,734)	(336,526)	(299,632)
Property expenses paid		(69,945)	(57,691)	(67,868)	(51,260)
Realised gains/(losses) on derivative financial instruments		246	(1,035)	—	—
Interest received		228	148	185	369
Rent payments to the Trust		—	—	(102,808)	(102,178)
Receipts of funds for property costs from the Trust		—	—	48,912	44,771
US withholding tax paid		(214)	(243)	—	—
Income tax paid		(1,469)	(431)	(1,469)	(428)
Net cash flows from operating activities	34(a)	**82,369**	**68,613**	**34,912**	**18,239**
Cash flows from investing activities					
Payment for property, plant and equipment		(62,780)	(47,957)	(34,128)	(15,035)
Purchase of assets for the Trust		—	—	(29,499)	(35,137)
Receipt of funds for assets purchased on behalf of the Trust		—	—	33,821	36,902
Proceeds from sale of plant and equipment		543	5,089	502	32
Proceeds from sale of land and buildings		—	24,168	—	24,168
Payment for purchase of businesses net of cash acquired		(67,510)	(10,251)	(67,510)	—
Net cash flows from investing activities		**(129,747)**	**(28,951)**	**(96,814)**	**10,930**
Cash flows from financing activities					
Proceeds from borrowings		2,601,809	983,711	55,159	—
Repayments of borrowings		(2,575,014)	(985,931)	—	—
Borrowing costs		(11,810)	(12,660)	(7,475)	(7,581)
Proceeds from issue of stapled securities		72,225	—	2,034	—
Costs of issue of stapled securities		(1,628)	—	(45)	—
Dividends paid to the Trust		—	—	(3,620)	(2,461)
Proceeds from loans from the Trust		—	—	108,332	53,266
Repayments of borrowings to the Trust		—	—	(126,592)	(72,912)
Repayments of principal of finance leases		(249)	—	(249)	—
Repayments of borrowings to third parties		—	—	38,336	—
Distributions paid to stapled security holders		(36,644)	(22,468)	—	—
Net cash flows from financing activities		**48,689**	**(37,348)**	**65,880**	**(29,688)**
Net increase/(decrease) in cash and cash equivalents		**1,311**	**2,314**	**3,978**	**(519)**
Cash and cash equivalents at the beginning of the year		11,693	9,706	8,554	9,402
Effect of exchange rate changes on cash and cash equivalents		(51)	(327)	(51)	(329)
Cash at the end of the year	33	**12,953**	**11,693**	**12,481**	**8,554**

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

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1 Summary of significant accounting policies

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

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2013 are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

a) Basis of preparation

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

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

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

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

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

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)(v), Note 1(s)(vi) 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.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Deficiency of current assets

As at 30 June 2013, the Group and ALL Group have deficiencies of current assets of $28.5 million (2012: $30.3 million) and $20.6 million (2012: $18.4 million) respectively. Due to the nature of the business, the majority of sales are for cash whereas purchases are on credit resulting in a negative working capital position. Surplus cash is used to repay external loans resulting in a deficiency of current assets at 30 June 2013. The Group has $102.2 million (2012: $46.1 million) of unused loan capacity at 30 June 2013 which can be drawn on as required. The ALL Group has $300.3 million (2012: $58.4 million) of unused capacity in its bank loans and its loans with the Trust which can be utilised to fund any deficiency in its net current assets. Refer to Note 24.

b) Principles of consolidation

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

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1 Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

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

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

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

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

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

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

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

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

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

c) Cash and cash equivalents

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

d) Receivables

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

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

e) Inventories

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

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1 Summary of significant accounting policies (continued)

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.

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 reporting date, the current market uncertainty means that if investment property is sold in the future, the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements. This is particularly relevant in periods of market volatility.

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

g) Property, plant and equipment

Revaluation model

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

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

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1 Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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 reporting date, 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. This is particularly relevant in periods of market volatility.

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:

	2013	2012
Buildings	40 years	40 years
Leasehold improvements	Over the life of lease	Over the life of lease
Major rides and attractions	20 - 40 years	20 - 40 years
Plant and equipment	4 - 25 years	4 - 25 years
Furniture, fittings and equipment	4 - 13 years	4 - 13 years
Motor vehicles	8 years	8 years

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

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

h) Leases

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

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

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1 Summary of significant accounting policies (continued)

i) Investments and other financial assets

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

j) Assets held for sale

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

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

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

k) Livestock

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

Depreciation on livestock is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over the useful lives of the assets which range from 5 - 50 years (2012: 5 - 50 years).

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 (2012: 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 (2012: four years). The amortisation charge is weighted towards the first year of ownership where the majority of economic benefits arise.

Other intangible assets

Intellectual property purchased is amortised on a straight-line basis over the period during which benefits are expected to be received, which is seven years (2012: seven years). Liquor licences are amortised over the length of the licence which are between 10-16 years (2012: 10–16 years), depending on the length of the licence.

Goodwill

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

Goodwill is allocated to cash-generating units for the purposes of impairment testing (refer to Note 1(m)). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to Note 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 its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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1 Summary of significant accounting policies (continued)

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. Trade payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their value and subsequently measured at amortised cost using the effective interest rate method.

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 if hedging criteria are met and if so, the nature of the item being hedged. The Group may designate certain derivatives as either hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges) or hedges of net investments in foreign operations (net investment hedges).

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

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

i) Derivatives that do not qualify for hedge accounting

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

ii) Cash flow hedges

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

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

iii) Net investment hedges

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

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.

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1 Summary of significant accounting policies (continued)

q) Borrowing costs (continued)

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 5.05% per annum (2012: 6.23% per annum) for Australian dollar debt and nil per annum (2012: nil 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 reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

s) Employee benefits

i) Wages and salaries, annual leave and sick leave

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

ii) Long service leave

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

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

iii) Profit sharing and bonus plans

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

iv) Termination benefits

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

v) Long term incentive plan (LTIP)

Australian employees

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

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

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

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1 Summary of significant accounting policies (continued)

s) Employee benefits (continued)

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

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

At each reporting date, its estimate of the number of securities that are expected to vest is revised. 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 stapled security volume weighted average price (VWAP) for the five trading days immediately following the vesting date. Due to the nature of the scheme, this scheme is considered to be a cash settled share-based payment under AASB 2.

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 estimate of the number of securities that are expected to vest is revised. The employee benefit expense recognised each period takes into account the most recent estimate.

vi) Deferred Short Term Incentive (DSTI)

Australian employees

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

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

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

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

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

US employees

For US executives eligible for the DSTI, 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 binomial tree valuation model. This is recorded as a liability with the difference in the movement in the fair value of the financial liability being recorded through the Income Statement.

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

t) Tax

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

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

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1 Summary of significant accounting policies (continued)

t) Tax (continued)

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

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

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

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

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

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

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

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

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

u) Goods and services tax (GST)

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

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

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

v) Equity

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

w) Reserves

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

x) Revenue

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

i) Rendering of services

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

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1 Summary of significant accounting policies (continued)

x) Revenue (continued)

ii) Sale of goods

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

iii) Rental revenue

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

iv) Interest income

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

y) Foreign currency translation

i) Functional and presentation currencies

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

ii) Transactions and balances

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

iii) Foreign operations

Assets and liabilities of foreign controlled entities are translated at exchange rates ruling at reporting date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities are taken directly to the foreign currency translation reserve. On consolidation, exchange differences on loans denominated in foreign currencies, where the loan is considered part of the net investment in that foreign operation, are taken directly to the foreign currency translation reserve. At 30 June 2013, the spot rate used was A$1.00 = NZ$1.1800 (2012: A$1.00 = NZ$1.2777) and A$1.00 = US$0.9127 (2012: A$1.00 = US$1.0242). The average spot rate during the year ended 30 June 2013 was A$1.00 = NZ$1.2454 (2012: A$1.00 = NZ$1.2822) and A$1.00 = US$1.0207 (2012: A$1.00 = US$1.0394).

z) Segment information

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

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

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

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 reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

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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 business comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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

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

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

Goodwill acquired is not deductible for tax.

ad) Dividends/distributions

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

ae) Convertible notes

A subsidiary of ALL, Ardent Leisure Note Issuer Pty Limited, has issued convertible notes to the Trust. Due to the terms associated with these notes, the notes have been classified as equity in the financial statements of the ALL Group. Given that this equity is not payable to the shareholders of ALL, the notes are included in equity attributable to non-controlling interests.

af) Parent entity financial information

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

i) Investments in subsidiaries, associates and jointly controlled entities

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

ii) Tax consolidation legislation

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

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

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

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

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1 Summary of significant accounting policies (continued)

af) Parent entity information (continued)

ii) Tax consolidation legislation (continued)

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

iii) Financial guarantees

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

iv) Share-based payments

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

ag) New accounting standards 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 2013 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 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9 and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2015)*

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 2015 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 does not intend to adopt AASB 9 before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2016.

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)*

In August 2011, the Australian Accounting Standards Board (AASB) issued a suite of six new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from* AASB 13 *(effective 1 January 2013)*

AASB 13 was released September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 January 2013)*

In July 2011, the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act 2001 requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

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Annual Improvements Project - 2009-2011 cycle *(effective for annual periods beginning on or after 1 January 2013)*

In May 2012, the IASB made a number of amendments to International Financial Reporting Standards as a result of the 2009-2011 annual improvements project. The Group will apply the amendments from 1 July 2013. These changes are not applicable until 1 January 2013 but are available for early adoption. The Group is yet to assess their full impact.

ah) Rounding

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

2 Ardent Leisure Trust and Ardent Leisure Limited formation

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

3 Revenue from operating activities

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Revenue from services	328,958	284,106	328,958	284,106
Revenue from sale of goods	92,487	83,433	92,487	83,433
Revenue from rentals	26,896	22,195	26,896	22,195
Other revenue	562	340	562	340
Revenue from operating activities	**448,903**	**390,074**	**448,903**	**390,074**

4 Borrowing costs

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Borrowing costs paid or payable	12,765	13,308	7,531	7,501
Less: Capitalised borrowing costs	(477)	(394)	—	—
Borrowing costs expensed	**12,288**	**12,914**	**7,531**	**7,501**

5 Property expenses

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Landlord rent and outgoings	64,474	52,225	120,241	107,106
Insurance	699	508	—	—
Rates	2,755	1,834	—	—
Land tax	730	1,013	—	—
Other	91	326	—	—
	68,749	**55,906**	**120,241**	**107,106**

6 Net gain/(loss) from derivative financial instruments

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Gain on derivatives – unrealised	339	643	—	—
Gain on derivatives – realised	263	809	—	—
Termination of US$ interest rate swap	—	(1,844)	—	—
	602	**(392)**	**—**	**—**

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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.

b) Management fee calculation

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

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Base management fee	—	—	1,200	1,600
	—	**—**	**1,200**	**1,600**

8 Other expenses

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Audit fees	602	503	378	349
Consulting fees	528	724	528	724
Consumables	2,737	2,228	2,737	2,228
Custodian fees	113	103	—	—
Electricity	13,978	10,941	13,978	10,941
Foreign exchange loss	—	32	—	6
Fuel and oil	1,158	1,197	1,158	1,197
Insurance	2,367	1,954	2,367	1,954
Legal fees	388	351	357	313
Merchant fees	7,102	4,437	7,102	4,437
Motor vehicles	1,130	1,045	1,130	1,045
Permits and fees	4,216	2,331	4,216	2,293
Printing, stationery and postage	2,691	2,131	2,691	2,131
Registry fees	125	62	160	—
Stapled security holder communication costs	256	271	268	221
State taxes	540	397	540	388
Stock exchange costs	83	55	79	—
Taxation fees	98	101	76	83
Telephone	1,692	1,577	1,692	1,577
Training	1,176	1,198	1,176	1,198
Travel costs	1,949	1,818	1,949	1,818
Valuation fees	51	108	—	—
Other	638	14	502	38
	43,618	**33,578**	**43,084**	**32,941**

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9 Remuneration of auditor

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

	Consolidated Group 2013 $	Consolidated Group 2012 $	ALL Group 2013 $	ALL Group 2012 $
Audit and other assurance services – PwC Australia	551,148	458,931	326,504	304,511
Audit and other assurance services – related practices of PwC Australia	51,496	44,055	51,496	44,055
Taxation services – PwC Australia	22,372	21,300	—	5,400
Taxation services – related practices of PwC Australia	75,937	79,722	75,937	77,374
Other services - PwC Australia	8,100	1,500	8,100	1,500
Other services - related practices of PwC Australia	—	2,000	—	2,000
	709,053	**607,508**	**462,037**	**434,840**

10 Income tax expense

	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
a) Income tax expense					
Current tax		1,408	2,635	1,361	2,680
Deferred tax		1,778	(241)	1,778	(241)
Over provided in prior year		(38)	(56)	(38)	(56)
		3,148	**2,338**	**3,101**	**2,383**
Income tax expense is attributable to:					
Profit from continuing operations		3,148	2,338	3,101	2,383
Deferred income tax expense/(benefit) included in income tax expense comprises:					
(Increase)/decrease in deferred tax assets	22	(2,434)	638	(2,434)	638
Increase/(decrease) in deferred tax liabilities	27	4,212	(879)	4,212	(879)
		1,778	**(241)**	**1,778**	**(241)**
b) Numerical reconciliation of income tax expense to prima facie tax expense					
Profit from continuing operations before income tax expense		38,951	15,187	10,194	5,627
Less: Profit from the Trusts		(33,444)	(15,623)	—	—
Prima facie profit/(loss)		**5,507**	**(436)**	**10,194**	**5,627**
Tax at the Australian tax rate of 30% (2012: 30%)		1,652	(131)	3,058	1,688
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:					
Entertainment		48	61	48	61
Non-deductible depreciation and amortisation		2,076	2,496	—	525
Non-deductible interest due to thin capitalisation		—	35	—	35
Sundry items		(566)	(187)	54	12
Business acquisition costs		482	—	482	—
Gain on acquisition		(784)	—	(784)	—
Foreign exchange conversion differences		(60)	(30)	(60)	(30)
Difference in overseas tax rates		338	150	341	148
Over provided in prior year		(38)	(56)	(38)	(56)
Income tax expense		**3,148**	**2,338**	**3,101**	**2,383**
c) Income tax expense relating to items of other comprehensive income					
Losses on land and buildings revaluation	30	—	(646)	—	(646)
		—	**(646)**	—	**(646)**

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10 Income tax expense (continued)

d) Unrecognised temporary differences

The tax consolidated group has franking credits of $4,640,856 (2012: $4,686,467). It is the tax consolidated group's intention to assign these franking credits to dividends paid to the Trust by its subsidiaries and then distribute these franking credits to security holders where possible.

e) Tax consolidation legislation

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

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

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

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

11 Earnings per security/share

	Consolidated Group 2013	Consolidated Group 2012	ALL Group 2013	ALL Group 2012
Basic earnings per security/share (cents)	9.32	3.87	1.86	0.99
Diluted earnings per security/share (cents)	9.24	3.83	1.84	0.98
Core earnings per security/share (cents)	13.14	12.91	N/A	N/A
Diluted core earnings per security/share (cents)	13.04	12.79	N/A	N/A
Earnings used in the calculation of basic and diluted earnings per security/share ('000)	35,617	12,627	7,093	3,244
Earnings used in the calculation of core earnings per security/share (refer to calculation in table below) ('000)	50,257	42,145	N/A	N/A
Weighted average number of stapled securities on issue used in the calculation of basic and core earnings per security/share ('000)	382,334	326,444	382,334	326,444
Weighted average number of stapled securities held by ALL employees under employee share plans (refer to Note 29) ('000)	3,192	3,133	3,192	3,133
Weighted average number of stapled securities on issue used in the calculation of diluted earnings per security/share ('000)	385,526	329,577	385,562	329,577

Calculation of core earnings

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

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

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11 Earnings per security/share (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.

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000
Profit used in calculating earnings per security/share	35,617	12,627
Unrealised items		
— Unrealised gains on derivative financial instruments	(339)	(643)
— Property valuation (gains)/losses – investment properties	(90)	15,507
Non-cash items		
— Straight-lining of fixed rent increases	1,311	2,199
— Amortisation of Goodlife intangible assets	7,739	3,180
— Tax impact of amortisation of Goodlife intangible assets	(2,322)	(954)
Reserve transfers		
— Transfer to asset revaluation reserve [1]	6,920	6,570
Distributable earnings	**48,836**	**38,486**
One off realised items		
— Pre-opening expenses	2,527	1,064
— Early termination of US$ interest rate swap	—	1,844
— Tax liability arising from retrospective change in tax legislation	—	519
— Business acquisition costs	1,507	166
— Gain on acquisition	(2,613)	—
— Loss on sale of freehold land and buildings	—	66
Core earnings	**50,257**	**42,145**

(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 (IFRS depreciation).

12 Distributions and dividends paid and payable

a) Consolidated Group

The following distributions were paid and payable by the Trust:

	Distribution cents per stapled security	Total amount $'000	Tax deferred %	CGT concession amount %	Taxable %
2013 distributions for the half year ended:					
31 December 2012	6.60	26,253			
30 June 2013 [1]	5.40	21,481			
	12.00	**47,734**	**68.70**	—	**31.30**
2012 distributions for the half year ended:					
31 December 2011	6.50	21,075			
30 June 2012 [2]	5.20	17,379			
	11.70	**38,454**	**58.56**	—	**41.44**

(1) The distribution of 5.40 cents per stapled security for the half year ended 30 June 2013 was not declared prior to 30 June 2013. Refer to Note 44.
(2) The distribution of 5.20 cents per stapled security for the half year ended 30 June 2012 was not declared prior to 30 June 2012.

b) ALL Group

During the year, a subsidiary of ALL paid to the Trust $3.6 million (2012: $2.5 million) relating to convertible notes which are classified as equity under Australian Accounting Standards. No dividends have been paid or provided for during the current or previous financial year.

13 Receivables

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Trade receivables	7,658	5,940	7,658	5,940
Receivables from the Trust	—	—	2,241	5,866
Provision for doubtful debts	(609)	(774)	(609)	(774)
	7,049	5,166	9,290	11,032
Sundry receivable	—	513	—	488
	7,049	**5,679**	**9,290**	**11,520**

The Group has recognised an expense of $46,000 in respect of bad and doubtful trade receivables during the year ended 30 June 2013 (2012: $60,000). The expense has been included in other expenses in the Income Statement.

14 Derivative financial instruments

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Current assets				
Forward foreign exchange contracts	575	270	—	—
	575	**270**	—	—
Current liabilities				
Forward foreign exchange contracts	—	247	—	—
Interest rate swaps	584	—	—	—
	584	**247**	—	—
Non-current liabilities				
Interest rate swaps	1,307	3,204	—	—
	1,307	**3,204**	—	—

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$5.2 million (2012: A$6.2 million).

In the prior year, the Group entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A$1.00 = US$0.7948. These contracts totalled A$1.1 million and the last of these contracts matured in December 2012.

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.

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14 Derivative financial instruments (continued)

Interest rate swaps

The Group has entered into interest rate swap agreements totalling $120.0 million (2012: $80.0 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal and obliges it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to raise long term borrowings at a floating rate and effectively swap them into a fixed rate. The Group also has forward starting interest rate swaps totalling $60.0 million (2012: $60.0 million) with start dates of September 2013 and end dates of December 2014.

With the exception of one $40 million swap, all interest rate swap contracts qualify as cash flow hedges. Accordingly, the change in fair value of these swaps is recorded in the cash flow hedge reserve. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement. For the one swap which does not qualify as a cash flow hedge, the changes in fair value are recorded directly in the Income Statement.

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

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Less than 1 year	80,000	—	—	—
1-2 years	60,000	80,000	—	—
2-3 years	40,000	60,000	—	—
3-4 years	—	—	—	—
4-5 years	—	—	—	—
More than 5 years	—	—	—	—
	180,000	**140,000**	**—**	**—**

15 Inventories

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Goods held for resale	9,800	8,881	9,800	8,881
Provision for diminution	(20)	(64)	(20)	(64)
	9,780	**8,817**	**9,780**	**8,817**

There was no reversal of write downs of inventories recognised as a benefit during the year ended 30 June 2013 (2012: $nil).

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16 Property held for sale

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Family entertainment centres	4,210	—	4,210	—
	4,210	**—**	**4,210**	**—**

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Opening balance	—	7,651	—	7,651
Transfer from property, plant and equipment	4,210	—	4,210	—
Disposals	—	(7,651)	—	(7,651)
	4,210	**—**	**4,210**	**—**

During the year, the Group reclassified the property, plant and equipment relating to a family entertainment centre under construction at Tempe, Arizona, as held for sale, as it is envisaged that its carrying value will be recovered principally through a sale and leaseback transaction rather than through continuing use, and a sale is considered highly probable.

17 Other assets

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Prepayments	8,097	9,321	4,651	6,960
Accrued revenue	1,305	621	1,305	621
	9,402	**9,942**	**5,956**	**7,581**

18 Investment properties

Consolidated Group

Consolidated Group Property	Note	Valuer	Cost 2013 $'000	Cumulative revaluation (decrements)/ increments 2013 $'000	Consolidated book value 2013 $'000	Cost 2012 $'000	Cumulative revaluation (decrements)/ increments 2012 $'000	Consolidated book value 2012 $'000
Excess land at Dreamworld	(a)	(1)	2,874	(462)	2,412	2,874	(462)	2,412
Marinas	(b)	(2)	73,000	19,820	92,820	72,773	19,730	92,503
Total			**75,847**	**19,358**	**95,232**	**75,647**	**19,268**	**94,915**

(a) The remaining excess land has been valued by Directors at $2.4 million (2012: $2.4 million).

(b) The total carrying value of d'Albora Marinas (including plant and equipment of $6.6 million) is $99.4 million (2012: $97.7 million). The fair value was assessed to be $99.4 million (2012: $97.7 million).

(1) Peter Bouwmeester, CBRE Valuations Pty Limited, independently valued the property at 31 January 2012.

(2) Greg Thomson, FAPI, Knight Frank, Valuation Services (NSW) Pty Limited independently valued five of the seven properties at 30 June 2013. The remaining two properties were last independently valued at 30 June 2012.

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18 Investment properties (continued)

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

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Carrying amount at the beginning of the year	94,915	96,279	—	—
Additions	227	1,127	—	—
Revaluation increments/(decrements)	90	(2,491)	—	—
Carrying amount at the end of the year	**95,232**	**94,915**	**—**	**—**

Amounts recognised in the Income Statement for investment properties:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Revenue from investment properties	18,350	18,661	—	—
Property expenses incurred on investment properties	(2,347)	(2,587)	—	—

At 30 June 2013, the Group had receivables from third parties totalling $566,478 (2012: $541,000) relating to leases on its investment properties.

19 Property, plant and equipment

Consolidated Group

Property	Note	Cost less accumulated depreciation 2013 $'000	Cumulative revaluation increments/ (decrements) 2013 $'000	Consolidated book value 2013 $'000	Cost less accumulated depreciation 2012 $'000	Cumulative revaluation increments/ (decrements) 2012 $'000	Consolidated book value 2012 $'000
Theme Parks	(1) (2)	208,581	22,616	231,197	207,252	20,434	227,686
Marinas	(3)	6,574	—	6,574	5,197	—	5,197
Bowling centres	(4)	101,967	1,900	103,867	93,092	1,900	94,992
Family entertainment centres	(5)	46,984	(86)	46,898	25,432	(86)	25,346
Health clubs	(6)	70,122	—	70,122	47,754	—	47,754
Other	(7)	3,257	—	3,257	1,434	—	1,434
Total		**437,485**	**24,430**	**461,915**	**380,161**	**22,248**	**402,409**

(1) The book value of Dreamworld and WhiteWater World (including intangible assets of $0.8 million) is $216.5 million (2012: $215.0 million). In an independent valuation performed at 30 June 2013 by Jones Lang LaSalle, the fair value for the theme parks was assessed to be $216.5 million (2012: $215.0 million).
(2) The book value of SkyPoint (including intangible assets of $3.6 million (2012: $3.6 million) is $19.0 million (2012: $16.8 million). In an independent valuation performed at 30 June 2013, the fair value for SkyPoint was assessed to be $19.0 million.
(3) The Directors have valued the property, plant and equipment of d'Albora Marinas at $6.6 million (2012: $5.2 million).
(4) The one remaining freehold building was independently valued at 30 June 2010 at $1.9 million. At 30 June 2013, the Directors assessed the fair value of the freehold building to be $1.9 million (2012: $1.9 million) and the remaining property, plant and equipment to be $102.0 million (2012: $93.1 million).
(5) The freehold land and buildings of the two family entertainment centres were sold and leased back during the prior year. At 30 June 2013, the Directors assessed the fair value of the remaining property, plant and equipment to be $47.0 million (2012: $25.3 million).
(6) The Directors have valued the property, plant and equipment of Goodlife at 30 June 2013 at $70.1 million (2012: $47.8 million).
(7) The fair value of other property, plant and equipment was assessed by the Directors to be $3.3 million at 30 June 2013 (2013: $1.4 million).

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19 Property, plant and equipment (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 Group – 2013							
Carrying amount at the beginning of the year	216,813	65,279	110,084	673	9,232	328	402,409
Additions	21,791	1,971	32,784	—	5,929	137	62,612
Acquired through business combinations	11,374	—	3,866	—	495	55	15,790
Transfer to property held for sale	(4,210)	—	—	—	—	—	(4,210)
Disposals	—	(3)	(227)	—	—	—	(230)
Depreciation	(8,177)	(2,253)	(16,712)	(91)	(2,029)	(136)	(29,398)
Foreign exchange movements	1,985	—	3,851	—	3	—	5,839
Revaluation increments	9,103	—	—	—	—	—	9,103
Carrying amount at the end of the year	**248,679**	**64,994**	**133,646**	**582**	**13,630**	**384**	**461,915**

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 Group – 2012							
Carrying amount at the beginning of the year	237,687	60,205	109,063	33	6,376	413	413,777
Additions	20,768	7,356	16,377	686	4,713	90	49,990
Acquired through business combinations	1,227	—	321	—	—	—	1,548
Disposals	(15,330)	—	(1,306)	(33)	—	(59)	(16,728)
Depreciation	(7,344)	(2,282)	(15,254)	(13)	(1,858)	(116)	(26,867)
Foreign exchange movements	469	—	883	—	1	—	1,353
Revaluation decrements	(20,664)	—	—	—	—	—	(20,664)
Carrying amount at the end of the year	**216,813**	**65,279**	**110,084**	**673**	**9,232**	**328**	**402,409**

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19 Property, plant and equipment (continued)

Property	Land and buildings $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Total $'000
ALL Group – 2013				
Carrying amount at the beginning of the year	5,823	36,105	673	42,601
Additions	14,133	19,995	—	34,128
Acquired through business combinations	11,374	4,416	—	15,790
Transfer to property held for sale	(4,210)	—	—	(4,210)
Disposals	—	(209)	—	(209)
Depreciation	(1,017)	(9,227)	(91)	(10,335)
Foreign exchange movements	1,953	3,732	—	5,685
Carrying amount at the end of the year	**28,056**	**54,812**	**582**	**83,450**

Property	Land and buildings $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Total $'000
ALL Group – 2012				
Carrying amount at the beginning of the year	13,744	34,988	33	48,765
Additions	5,088	9,268	686	15,042
Acquired through business combinations	—	321	—	321
Disposals	(15,324)	(1,193)	(33)	(16,550)
Depreciation	(102)	(8,147)	(13)	(8,262)
Foreign exchange movements	464	868	—	1,332
Revaluation increments	1,953	—	—	1,953
Carrying amount at the end of the year	**5,823**	**36,105**	**673**	**42,601**

20 Livestock

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
At 1 July				
Cost	828	847	828	847
Accumulated depreciation	(475)	(423)	(475)	(423)
Net book amount	**353**	**424**	**353**	**424**
Year ended 30 June				
Opening net book amount	353	424	353	424
Additions	—	24	—	24
Disposal	—	(43)	—	(43)
Depreciation	(48)	(52)	(48)	(52)
Closing net book amount	**305**	**353**	**305**	**353**
At 30 June				
Cost	828	828	828	828
Accumulated depreciation	(523)	(475)	(523)	(475)
Net book amount	**305**	**353**	**305**	**353**

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21 Intangible assets

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Customer relationships at cost	28,652	15,362	28,652	15,362
Accumulated amortisation	(19,058)	(11,973)	(19,058)	(11,973)
	9,594	3,389	9,594	3,389
Brand at cost	6,539	6,539	6,539	6,539
Accumulated amortisation	(3,760)	(3,106)	(3,760)	(3,106)
	2,779	3,433	2,779	3,433
Other intangible assets at cost	2,080	2,080	652	652
Accumulated amortisation	(1,878)	(1,760)	(450)	(431)
	202	320	202	221
Goodwill at cost	195,770	144,253	195,770	144,253
Accumulated impairment charge	(11,557)	(11,557)	(11,557)	(11,557)
	184,213	132,696	184,213	132,696
Total intangible assets	**196,788**	**139,838**	**196,788**	**139,739**

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Customer relationships				
Opening net book amount	3,389	3,875	3,389	3,875
Additions	13,290	2,040	13,290	2,040
Amortisation	(7,085)	(2,526)	(7,085)	(2,526)
Closing net book amount	**9,594**	**3,389**	**9,594**	**3,389**
Brand				
Opening net book amount	3,433	4,087	3,433	4,087
Amortisation	(654)	(654)	(654)	(654)
Closing net book amount	**2,779**	**3,433**	**2,779**	**3,433**
Other intangible assets				
Opening net book amount	320	418	221	219
Additions	—	21	—	19
Amortisation	(118)	(119)	(19)	(17)
Closing net book amount	**202**	**320**	**202**	**221**
Goodwill				
Opening net book amount	132,696	125,736	132,696	125,736
Additions	46,550	5,212	46,550	5,212
Foreign exchange movements	4,967	1,748	4,967	1,748
Closing net book amount	**184,213**	**132,696**	**184,213**	**132,696**
Total intangible assets	**196,788**	**139,838**	**196,788**	**139,739**

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21 Intangible assets (continued)

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

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

Other intangible assets
Other intangible assets represent registered trademarks associated with Dreamworld operations, intellectual property associated with Australian Tour Desk and liquor licences held by the bowling centres.

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

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

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

Consolidated Group and ALL Group

2013	Australia $'000	United States $'000	New Zealand $'000	Total $'000
Theme parks	4,366	—	—	4,366
Bowling centres	16,822	—	3,329	20,151
Family entertainment centres	—	46,445	—	46,445
Health clubs	113,251	—	—	113,251
	134,439	**46,445**	**3,329**	**184,213**

2012	Australia $'000	United States $'000	New Zealand $'000	Total $'000
Theme parks	4,366	—	—	4,366
Bowling centres	16,823	—	3,079	19,901
Family entertainment centres	—	41,728	—	41,728
Health clubs	66,701	—	—	66,701
	87,889	**41,728**	**3,079**	**132,696**

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

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

	Growth rate [1]		Discount rate [2]	
	2013 % per annum	2012 % per annum	2013 % per annum	2012 % per annum
Theme parks [3]	N/A	N/A	N/A	N/A
Bowling centres	2.00	2.00	9.44	9.44
Family entertainment centres	3.00	3.00	7.92	8.23
Health clubs	2.00	2.00	9.44	9.44

(1) Average growth rate used to extrapolate cash flows beyond the budget period.
(2) In performing the value in use calculations for each CGU, the Group has applied pre tax discount rates to discount the forecast future attributable pre-tax cash flows.
(3) All non-current assets in the Theme parks division are already held at fair value at 30 June 2013 and were independently valued by Jones Lang LaSalle (refer to Note 19). As a result, no impairment testing is required at 30 June 2013.

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21 Intangible assets (continued)

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

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the 2014 financial year budget approved by the Board and three year forecasts approved by management. Cash flows beyond the three year period are extrapolated using the growth rates stated above. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

Sensitivity to changes in assumptions

Management recognises that the calculation of recoverable amount can vary based on the assumptions used to project or discount cash flows and that changes to key assumptions can result in recoverable amounts falling below carrying amounts. In relation to the CGUs above, the recoverable amounts are well in excess of the carrying amount associated with each segment.

The Directors consider that the growth rates are reasonable, and do not consider a change in any of the other key assumptions to be reasonably possible.

22 Deferred tax assets

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Doubtful debts	100	43	100	43
Employee benefits	5,710	4,611	5,710	4,611
Provisions and accruals	496	117	496	117
Inventory diminution	19	6	19	6
Deferred income	184	106	184	106
Difference in overseas tax rates	—	2	—	2
Lease incentives	1,649	—	1,649	—
Deferred tax assets	**8,158**	**4,885**	**8,158**	**4,885**
Set-off of deferred tax balances pursuant to set-off provisions				
Australia	(4,263)	(2,550)	(4,263)	(2,550)
United States	(2,362)	(341)	(2,362)	(341)
Net deferred tax assets	**1,533**	**1,994**	**1,533**	**1,994**
Movements				
Balance at the beginning of the year	4,885	5,297	4,885	5,297
Credited/(charged) to the Income Statement (refer to Note 10)	2,434	(638)	2,434	(638)
Acquisition of businesses	839	226	839	226
Balance at the end of the year	**8,158**	**4,885**	**8,158**	**4,885**
Deferred tax assets to be recovered within 12 months	5,922	3,830	5,922	3,830
Deferred tax assets to be recovered after more than 12 months	2,236	1,055	2,236	1,055
	8,158	**4,885**	**8,158**	**4,885**

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23 Payables

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Current				
Custodian fee	50	48	—	—
Interest payable	82	26	7	—
GST payable	1,867	—	1,528	1,143
Trade creditors	16,316	12,776	16,316	12,776
Property expenses payable	1,083	895	—	—
Employee share plan	356	252	4,426	3,033
Deferred settlement for acquisition of businesses	—	712	—	—
Straight-line rent liability	12,425	11,114	825	—
Employee benefits	12,102	11,749	12,102	11,749
Deferred income	7,625	7,146	7,625	7,146
Other creditors and accruals	12,071	15,082	11,514	12,387
Total payables	**63,977**	**59,800**	**54,343**	**48,234**

24 Interest bearing liabilities

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Current				
Finance leases	238	229	238	229
Total current	**238**	**229**	**238**	**229**
Non-current				
Finance leases	61	287	61	287
Bank loan – term debt	229,253	193,730	55,159	—
Less: Amortised costs – bank loan	(1,686)	(792)	(473)	—
Loan from the Trust [(1)]	—	—	113,599	124,257
Total non-current	**227,628**	**193,225**	**168,346**	**124,544**
Total interest bearing liabilities	**227,866**	**193,454**	**168,584**	**124,773**

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

The term debt is secured by mortgages over all freehold property, leasehold mortgages over key bowling centre, health club and marina leases, registered security interests over all present and after acquired property of key Group companies, and pledged interests over all US property. The terms of the debt also impose certain covenants on the Group as follows:

(i) Gearing ratio, being the ratio of total debt to total debt plus equity, must not exceed 40%;

(ii) Debt serviceability ratio, being the ratio of debt to EBITDA adjusted for unrealised and one off items (adjusted EBITDA), must not exceed 3.25; and

(iii) Fixed charge cover ratio, being the ratio of adjusted EBITDA to fixed charges, must be no less than 1.75.

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24 Interest bearing liabilities (continued)

Total secured liabilities and assets pledged as security

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

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Assets pledged as security				
Current				
Floating charge				
Cash and cash equivalents	12,953	11,693	12,481	8,554
Receivables	7,049	5,679	9,290	11,520
Derivative financial instruments	575	270	—	—
Inventories	9,780	8,817	9,780	8,817
Property held for sale	4,210	—	4,210	—
Other	9,402	9,942	5,956	7,581
Total current assets pledged as security	**43,969**	**36,401**	**41,717**	**36,472**
Non-current				
Mortgage				
Land and buildings	248,679	216,813	28,056	5,823
Investment properties	95,232	94,915	—	—
	343,911	**311,728**	**28,056**	**5,823**
Floating charge				
Property, plant and equipment	212,654	184,923	54,812	36,105
Livestock	305	353	305	353
Intangible assets	12,575	7,142	12,575	7,043
	225,534	**192,418**	**67,692**	**43,501**
Finance lease				
Plant and equipment	582	673	582	673
Total non-current assets pledged as security	**570,027**	**504,819**	**96,330**	**49,997**
Total assets pledged as security	**613,996**	**541,220**	**138,047**	**86,469**

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

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24 Interest bearing liabilities (continued)

Credit facilities

As at 30 June 2013, the Group had unrestricted access to the following credit facilities:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
A$ syndicated facility	200,000	200,750	—	—
Amount used	(152,995)	(154,675)	—	—
Amount unused	**47,005**	**46,075**	**—**	**—**
US$ syndicated facility	131,478	39,055	109,565	—
Amount used	(76,258)	(39,055)	(55,159)	—
Amount unused	**55,220**	**—**	**54,406**	**—**
Trust facility	—	—	359,495	182,657
Amount used	—	—	(113,599)	(124,257)
Amount unused	**—**	**—**	**245,896**	**58,400**
Total facility	331,478	239,805	469,060	182,657
Total amount used	(229,253)	(193,730)	(168,758)	(124,257)
Total amount unused	**102,225**	**46,075**	**300,302**	**58,400**

Consolidated Group

The Group has access to a A$200.0 million (2012: A$200.8 million) syndicated facility and a US$120.0 million (2012: US$40.0 million) syndicated facility. A$100.0 million of the AUD facility will mature on 1 July 2016 and A$100.0 million will mature on 1 July 2017. US$90.0 million of the USD facility will mature on 1 July 2016 and US$30.0 million will mature on 1 July 2017.

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 2013, including the impact of the interest rate swaps, is 6.23% per annum for AUD denominated debt (2012: 6.33% per annum) and 1.59% per annum for USD denominated debt (2012: 2.07% per annum).

ALL Group

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

Australian Trust loan facilities totalling $249.9 million have a maturity date of 31 August 2018. In addition, the ALL Group has a US$100.0 million facility with the Trust maturing on 31 August 2018. The ALL Group also had a US$25.0 million facility which expired on 31 August 2011 and was repaid during the previous financial year.

The ALL Group has access to a US$100.0 million (2012: $nil) syndicated facility. US$70.0 million of the facility will mature on 1 July 2016 and US$30.0 million will mature on 1 July 2017.

Information about the Group's exposure to interest rates and foreign exchange risk is provided in Note 39.

25 Provisions

a) Distributions to stapled security holders

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Opening balance	—	—	—	—
Distributions declared	43,632	36,982	3,620	2,461
Distributions paid	(36,644)	(22,467)	(3,620)	(2,461)
Distributions reinvested	(6,988)	(14,515)	—	—
Closing balance	**—**	**—**	**—**	**—**

A provision for the distribution relating to the half year to 30 June 2013 was not recognised as the distribution had not been declared at the reporting date.

b) Other provisions

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Current				
Employee benefits	2,448	2,307	2,448	2,307
Sundry [1]	542	428	542	428
Total current	**2,990**	**2,735**	**2,990**	**2,735**
Non-current				
Employee benefits	2,011	1,631	2,011	1,631
Total non-current	**2,011**	**1,631**	**2,011**	**1,631**
Total provisions	**5,001**	**4,366**	**5,001**	**4,366**
Movements in sundry provisions				
Carrying amount at the beginning of the year	428	1,417	428	1,417
Additional provisions recognised	473	257	473	257
Amounts utilised	(359)	(1,246)	(359)	(1,246)
Carrying amount at the end of the year	**542**	**428**	**542**	**428**

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

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26 Other liabilities

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Security deposits	2,101	1,718	2,101	1,694
	2,101	**1,718**	**2,101**	**1,694**

27 Deferred tax liabilities

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Intangible assets	3,649	1,894	3,649	1,894
Prepayments	337	474	337	474
Accrued revenue	16	7	16	7
Depreciation of property, plant and equipment	11,622	4,980	11,622	4,980
Deferred tax liabilities	**15,624**	**7,355**	**15,624**	**7,355**
Set-off deferred tax balances pursuant to set-off provisions:				
Australia	(4,263)	(2,550)	(4,263)	(2,550)
United States	(2,362)	(341)	(2,362)	(341)
Net deferred tax liabilities	**8,999**	**4,464**	**8,999**	**4,464**
Movements				
Balance at the beginning of the year	7,355	6,958	7,355	6,958
Charged/(credited) to the Income Statement (refer to Note 10)	4,212	(879)	4,212	(879)
Charged to asset revaluation reserve (refer to Note 30)	—	646	—	646
Acquisition of businesses	4,057	630	4,057	630
Balance at the end of the year	**15,624**	**7,355**	**15,624**	**7,355**
Deferred tax liabilities to be settled within 12 months	1,113	482	1,113	482
Deferred tax liabilities to be settled after more than 12 months	14,511	6,873	14,511	6,873
	15,624	**7,355**	**15,624**	**7,355**

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28 Contributed equity

No. of stapled securities/shares	Details	Date of income entitlement	Note	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
318,147,978	Securities/shares on issue	30 Jun 2011			404,010		10,567
5,668,287	DRP issue	1 Jul 2011	(i)		7,084		532
420,125	Security-based payments - securities/shares issued	1 Jul 2011	(ii)		468		35
7,377,472	DRP issue	1 Jan 2012	(i)		7,431		594
2,595,539	Prahran placement	15 Mar 2012	(iii)		2,907		232
334,209,401	Securities/shares on issue	30 Jun 2012		421,900	421,900	11,960	11,960
5,647,860	DRP issue	1 Jul 2012	(i)	6,988		196	
1,491,186	Security-based payments securites/shares issued	1 Jul 2012	(ii)	1,931		57	
39,062,500	Fenix/Fitness First placement	20 Sep 2012	(iv)	50,000		1,408	
17,363,566	Security Purchase Plan	23 Oct 2012	(iv)	22,225		626	
	Issue cost paid			(1,628)		(45)	
29,474	Security-based payments - securites/shares issued	3 Apr 2013	(ii)	—		—	
397,803,987	**Securities/shares on issue**	**30 Jun 2013**		**501,416**	**421,900**	**14,202**	**11,960**

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

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

(iii) ***Prahran placement***
On 14 March 2012, the Group issued 2,595,539 stapled securities as part of the consideration to acquire the Prahran health club. Refer to Note 32 for further details.

(iv) ***Fenix/Fitness First placement and Security Purchase Plan***
On 20 September 2012 and 23 October 2012, the Group issued stapled securities under a placement and a Security Purchase Plan respectively to partly fund the acquisition of Fenix and Fitness First health clubs, as set out in Note 32.

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29 Security-based payments

a) Deferred Short Term Incentive Plan (DSTI)

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 DSTI contemplates that cash awards will be granted to those executives and will be subject to the same tenure hurdles.

What restrictions are there on the securities?
Performance rights are non-transferable.

When can the securities vest?
The plan contemplates that the performance rights will vest equally one and two years following the grant date.

What are the vesting conditions?
Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.

Did any of the securities vest?
During the financial year, a total of 910,553 performance rights vested.

Australian Employees
Since the DSTI was approved in July 2010, long term incentives have been provided to certain executives under the DSTI. Under the terms of the DSTI, participants may be granted performance rights of which one half will vest one year after grant date and one half will vest two years after grant date. The first set of performance rights were granted under the DSTI on 17 December 2010, with the first possible vesting date being the day after the full year results announcement for the year ended 30 June 2011. A total of 795,504 performance rights vested on 24 August 2012 and 30 October 2012 and a corresponding number of stapled securities were issued to employees under the terms of the DSTI (2012: 420,125).

The characteristics of the DSTI indicate that, at the Ardent Leisure Group level, it is an equity settled share-based payment under AASB2 *Share-based Payment* as the holders are entitled to the securities as long as they meet the DSTI's service criteria. However, as ALL is considered to be a subsidiary of the Trust, in the financial statements of the ALL Group the DSTI is accounted for as a cash settled share-based payment.

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

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

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

US employees
Due to restrictions on the issue of securities to US residents, those US executives eligible for the DSTI 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 (VWAP) for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 115,049 cash settled performance rights vested on 24 August 2012 to US employees under the terms of the DSTI (2012: 40,802).

Fair value – US employees
The fair value of each grant of performance rights is determined at each reporting date using a binomial tree valuation model. This is recorded as a liability with the movement in the fair value of the financial liability being 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.

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29 Security-based payments (continued)

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

Valuation inputs

For the performance rights outstanding at 30 June 2013, 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 2013:

Grant	2011	2012
Grant date	12 September 2011	24 August 2012
Vesting dates - year 1	24 August 2012 30 October 2012	31 August 2013
Vesting date - year 2	31 August 2013	31 August 2014
Average risk free rate	3.57% per annum	2.80% per annum
Expected price volatility	40% per annum	35% per annum
Expected distribution yield	11.0% per annum	9.1% per annum
Stapled security price at grant date	$1.055	$1.29
Valuation per performance right on issue	$0.90	$1.15

The table below shows the fair value of the performance rights in each grant as at 30 June 2013 as well as the factors used to value the performance rights as at 30 June 2013. This valuation is used to value the performance rights granted to US employees at 30 June 2013:

Grant	2011	2012
Grant date	12 September 2011	24 August 2012
Vesting date - year 1	24 August 2012	31 August 2013
Vesting date - year 2	31 August 2013	31 August 2014
Average risk free rate	2.58% per annum	2.58% per annum
Expected price volatility	31% per annum	31% per annum
Expected distribution yield	6.9% per annum	6.9% per annum
Share price at year end	$1.715	$1.715
Valuation per performance right at year end	$1.5050	$1.6485

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

Tenure hurdle

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

The employee benefit expense recognised each period takes into account the most recent estimate.

	Consolidated Group 2013 Rights	Consolidated Group 2012 Rights	ALL Group 2013 Rights	ALL Group 2012 Rights
Performance rights issued to participating executives:				
Performance rights	1,327,804	1,430,238	1,327,804	1,430,238

Grant date	Expiry date	Exercise price	Valuation per right	Balance at beginning of the year	Granted	Exercised	Fail to vest	Cancelled	Balance at the end of the year
16 Dec 2010	24 Aug 2012	nil	95.0 cents	380,379	—	(380,379)	—	—	—
12 Sep 2011	31 Aug 2013	nil	90.0 cents	1,049,859	—	(530,174)	—	(44,154)	475,531
24 Aug 2012	31 Aug 2014	nil	114.7 cents	—	894,025	—	—	(41,752)	852,273
				1,430,238	**894,025**	**(910,553)**	**—**	**(85,906)**	**1,327,804**

The rights have an average maturity of six months.

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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 non-transferable.

When can the securities vest?
The plan contemplates that the performance rights will vest equally in two, three and four years following the grant date assuming the total shareholder return (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 group 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?
During the financial year a total of 734,083 performance rights reached vesting following an independent third party assessment of the Group's TSR performance compared to the benchmark.

Australian Employees
Since 1 July 2009, long term incentives have been provided to certain executives under the LTIP. Under the terms of the LTIP and the initial grant, employees may be granted performance rights of which one third will vest two years after grant date, one third will vest three years after grant date and one third will vest four years after grant date. The percentage of performance rights which may vest is subject to the 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 ended 30 June 2011.

During the year, the relative TSR performance of the Group was tested in accordance with the LTIP. In the case of the second tranche of performance rights issued in 2009, the Group's performance over the testing period achieved the 52nd percentile and accordingly 55.3% of the performance rights vested to participants and the remainder of the tranche automatically lapsed. The first tranche of performance rights issued in 2010 were also tested and, as the Group's TSR performance reached the 82nd percentile, 100% of the tranche vested to participants.

A total of 695,682 performance rights vested on 24 August 2012 and 30 October 2012 and a corresponding number of stapled securities were issued to Australian employees under the terms of the LTIP (2012: nil).

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

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

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

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

US employees
Due to 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 VWAP for the five trading days immediately following the vesting date and an equivalent cash payment is made. Due to the nature of the scheme, this is considered to be a cash settled share-based payment under AASB 2. A total of 38,401 cash settled performance rights vested on 24 August 2012 to US employees under the terms of the LTIP (2012: nil).

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29 Security-based payments (continued)

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

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

Valuation inputs

For performance rights outstanding at 30 June 2013, 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 2013:

Grant	2009	2010	2011	2012
Grant date	4 December 2009	16 December 2010	12 September 2011	24 August 2012
Vesting date - year 2	19 August 2011	24 August 2012	31 August 2013	31 August 2014
Vesting date - year 3	24 August 2012	31 August 2013	31 August 2014	31 August 2015
Vesting date - year 4	31 August 2013	31 August 2014	31 August 2015	31 August 2016
Average risk free rate	4.64% per annum	5.10% per annum	3.49% per annum	2.73% per annum
Expected price volatility	55% per annum	45% per annum	40% per annum	35% per annum
Expected distribution yield	10.0% per annum	10.0% per annum	11.0% per annum	9.1% per annum
Stapled security price at grant date	$1.635	$1.065	$1.055	$1.290
Valuation per performance right on issue	$0.89	$0.52	$0.44	$0.61

The table below shows the fair value of the performance rights for each grant as at 30 June 2013 as well as the factors used to value the performance rights at 30 June 2013. This valuation is used to value the performance rights granted to US employees at 30 June 2013:

Grant	2009	2010	2011	2012
Grant date	4 December 2009	16 December 2010	12 September 2011	24 August 2012
Vesting date - year 2	19 August 2011	24 August 2012	31 August 2013	31 August 2014
Vesting date - year 3	24 August 2012	31 August 2013	31 August 2014	31 August 2015
Vesting date - year 4	31 August 2013	31 August 2014	31 August 2015	31 August 2016
Average risk free rate	2.58% per annum	2.58% per annum	2.58% per annum	2.58% per annum
Expected price volatility	31% per annum	31% per annum	31% per annum	31% per annum
Expected distribution yield	6.9% per annum	6.9% per annum	6.9% per annum	6.9% per annum
Share price at year end	$1.715	$1.715	$1.715	$1.715
Valuation per performance right on issue	$0.91	$1.49	$1.37	$1.09

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

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29 Security-based payments (continued)

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

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 Group 2013 Rights	Consolidated Group 2012 Rights	ALL Group 2013 Rights	ALL Group 2012 Rights
Performance rights issued to participating executives:				
Performance rights	4,027,154	3,870,399	4,027,154	3,870,399

Grant date	Expiry date	Exercise price	Valuation per right	Balance at beginning of the year	Granted	Exercised	Fail to vest	Cancelled	Balance at the end of the year
4 Dec 2009	24 Aug 2013	nil	89.0 cents	1,026,591	—	(283,856)	(229,436)	(46,855)	466,444
16 Dec 2010	31 Aug 2014	nil	52.3 cents	1,350,701	—	(450,230)	—	—	900,471
12 Sep 2011	31 Aug 2015	nil	43.7 cents	1,493,107	—	—	—	—	1,493,107
24 Aug 2012	31 Aug 2016	nil	60.9 cents	—	1,167,132	—	—	—	1,167,132
				3,870,399	**1,167,132**	**(734,086)**	**(229,436)**	**(46,855)**	**4,027,154**

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

The expense recorded in the Group financial statements in the year in relation to the performance rights was $1,378,478 (2012: $1,700,804). The expense recorded in the ALL Group financial statements in the year in relation to the performance rights was $3,634,433 (2012: $2,363,905).

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30 Reserves

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Asset revaluation reserve				
Opening balance	437	15,274	3,416	2,082
Revaluation – Theme parks	5,173	(13,183)	—	—
Revaluation – Bowling centres	1,349	1,305	—	—
Revaluation – Health clubs	2,581	2,277	—	—
Revaluation – Main Event	—	1,980	—	1,980
Tax on Main Event revaluation	—	(646)	—	(646)
Transfer to retained profits – realised items	(6,920)	(6,570)	—	—
Closing balance	**2,620**	**437**	**3,416**	**3,416**
Capital reserve				
Opening balance	(5,912)	(4,848)	—	—
Transfer from retained profits – pre-opening expenses	(2,527)	(1,064)	—	—
Closing balance	**(8,439)**	**(5,912)**	**—**	**—**
Cash flow hedge reserve				
Opening balance	(3,098)	(1,307)	—	—
Movement in effective cash flow hedges	1,529	(1,791)	—	—
Closing balance	**(1,569)**	**(3,098)**	**—**	**—**
Foreign currency translation reserve				
Opening balance	(38,523)	(39,906)	(4,154)	(4,696)
Translation of foreign operations	(636)	1,383	2,472	542
Closing balance	**(39,159)**	**(38,523)**	**(1,682)**	**(4,154)**
Stapled security-based payment reserve				
Opening balance	2,729	1,710	—	—
Option expense	(862)	1,019	—	—
Closing balance	**1,867**	**2,729**	**—**	**—**
Performance fee reserve				
Opening balance	1,132	1,132	—	—
Closing balance	**1,132**	**1,132**	**—**	**—**
Goodlife put and call option reserve				
Opening balance	(2,269)	(2,269)	(2,310)	(2,310)
Closing balance	**(2,269)**	**(2,269)**	**(2,310)**	**(2,310)**
Total reserves	**(45,817)**	**(45,504)**	**(576)**	**(3,048)**

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30 Reserves (continued)

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

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

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity as described in 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 DSTI and LTIP.

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

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

31 Retained profits/(accumulated losses)

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Opening balance	30,259	46,980	(6,310)	(7,093)
Net profit for the year	35,617	12,627	7,093	3,244
Available for distribution	65,876	59,607	783	(3,849)
Transfer from asset revaluation reserve	6,920	6,570	—	—
Transfer from capital reserve	2,527	1,064	—	—
Distribution paid and payable	(43,632)	(36,982)	(3,620)	(2,461)
Closing balance	**31,691**	**30,259**	**(2,837)**	**(6,310)**

The distribution of 5.4 cents per stapled security for the year ended 30 June 2013 totalling $21.5 million had not been declared at year end. This will be paid on or before 30 August 2013 as described in Note 44.

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32 Business combinations

Current period

Fenix

On 9 October 2012, the Group acquired Fenix Fitness Clubs (Fenix), a portfolio comprising 10 operating clubs in Queensland and Victoria and two additional Victorian clubs in the development stage, for $62.7 million. Transaction costs totalling $1,102,294 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $23.6 million and a profit before allocation of Group costs and tax of $9.5 million to the Group for the period from 9 October 2012 to 30 June 2013. If the acquisition had occurred on 1 July 2012, it would have contributed revenues of $30.1 million and a profit before allocation of Group costs and tax of $10.9 million for the year ended 30 June 2013.

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

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	62,713	62,713
Total purchase consideration	**62,713**	**62,713**
Fair value of the net identifiable asset acquired	16,163	16,163
Goodwill	**46,550**	**46,550**

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

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Customer relationship intangible assets	318	12,160	318	12,160
Property, plant and equipment	12,202	8,787	12,202	8,787
Net deferred tax assets/(liabilities)	1,776	(3,015)	1,776	(3,015)
Current tax receivable	193	193	193	193
Payables	(1,501)	(1,501)	(1,501)	(1,501)
Employee benefits provision	(243)	(243)	(243)	(243)
Other current assets	1,218	1,218	1,218	1,218
Other current liabilities	(5,562)	(1,436)	(5,562)	(1,436)
Net identifiable assets acquired	**8,401**	**16,163**	**8,401**	**16,163**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration	62,713	62,713
Less: cash balances acquired	(796)	(796)
Outflow of cash	**61,917**	**61,917**

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32 Business combinations (continued)

Current period (continued)

Fitness First – South Australia and Essendon

On 31 October 2012, the Group acquired the South Australian portfolio and the Essendon health club of Fitness First, for $4.9 million.

Transaction costs totalling $378,454 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $8.2 million and a profit before allocation of Group costs and tax of $1.5 million to the Group for the period from 31 October 2012 to 30 June 2013. If the acquisition had occurred on 1 July 2012, it would have contributed revenues of $13.6 million and a profit before allocation of Group costs and tax of $1.1 million for the year ended 30 June 2013.

Final details of the fair value of the assets and liabilities acquired and gain on acquisition are as follows:

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	4,913	4,913
Total purchase consideration	**4,913**	**4,913**
Fair value of the net identifiable assets acquired	5,297	5,297
Gain on acquisition	**384**	**384**

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Customer relationship intangible assets	—	1,130	—	1,130
Property, plant and equipment	5,847	4,783	5,847	4,783
Net deferred tax liabilities	—	(219)	—	(219)
Payables	(291)	(291)	(291)	(291)
Employee benefits provision	(97)	(138)	(97)	(138)
Other current assets	32	32	32	32
Net identifiable assets acquired	**5,491**	**5,297**	**5,491**	**5,297**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration	4,913	4,913
Less: cash balances acquired	(3)	(3)
Outflow of cash	**4,910**	**4,910**

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32 Business combinations (continued)

Current period (continued)

Fitness First – Jindalee and Mount Gravatt

On 6 November 2012, the Group acquired the Jindalee and Mount Gravatt health clubs of Fitness First, for $1 and received a working capital adjustment of $46,372. Transaction costs totalling $126,679 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $2.3 million and a loss before allocation of Group costs and tax of $0.1 million to the Group for the period from 6 November 2012 to 30 June 2013. If the acquisition had occurred on 1 July 2012, it would have contributed revenues of $4.4 million and a profit before allocation of Group costs and tax of $0.1 million for the year ended 30 June 2013.

Final details of the fair value of the assets and liabilities acquired and gain on acquisition are as follows:

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash received	(45)	(46)
Total purchase consideration	**(45)**	**(46)**
Fair value of the net identifiable assets acquired	2,184	2,184
Gain on acquisition	**2,229**	**2,230**

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Property, plant and equipment	2,394	2,220	2,394	2,220
Net deferred tax assets	—	16	—	16
Payables	(36)	(36)	(36)	(36)
Employee benefits provision	(14)	(19)	(14)	(19)
Other current assets	3	3	3	3
Net identifiable assets acquired	**2,347**	**2,184**	**2,347**	**2,184**

	Consolidated Group $'000	ALL Group $'000
Outflow of cash to acquire business:		
Cash consideration received	(46)	(46)
Less: cash balances acquired	(1)	(1)
Inflow of cash	**(47)**	**(47)**

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32 Business combinations (continued)

Prior period

Waverley Park health club

On 9 December 2011, the Group acquired a health club at Waverley Park, Victoria, for $1.6 million. Of this, $0.3 million of the purchase price was deferred until June 2012 and a further $0.3 million was deferred until December 2012. Transaction costs totalling $11,974 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $1.0 million and a net profit before allocation of Group costs and tax of $0.1 million to the Group for the period from 9 December 2011 to 30 June 2012. If the acquisition had occurred on 1 July 2011, it would have contributed revenues of $1.8 million and a profit of $0.2 million for the year ended 30 June 2012.

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

	Consolidated Group $'000	**ALL Group $'000**
Purchase consideration:		
Cash paid	902	902
Deferred consideration	628	628
Total purchase consideration	**1,530**	**1,530**
Fair value of the net identifiable assets acquired	243	243
Goodwill	**1,287**	**1,287**

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

	Consolidated Group Acquiree's carrying amount $'000	**Consolidated Group Fair value $'000**	**ALL Group Acquiree's carrying amount $'000**	**ALL Group Fair value $'000**
Customer relationship intangible assets	—	470	—	470
Property, plant and equipment	92	80	92	80
Net deferred tax liabilities	—	(70)	—	(70)
Payables	(229)	(229)	(229)	(229)
Employee benefits provision	(8)	(8)	(8)	(8)
Net identifiable assets acquired	**(145)**	**243**	**(145)**	**243**

	Consolidated Group June 2013 $'000	**Consolidated Group June 2012 $'000**
Outflow of cash to acquire business:		
Cash consideration	330	1,562
Less: deferred settlement	—	(330)
Outflow of cash	**330**	**1,232**

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32 Business combinations (continued)

Prior period (continued)

Caroline Springs health club

On 1 March 2012, the Group acquired a health club at Caroline Springs, Victoria, for $2.4 million. Of this, $0.4 million of the purchase price was deferred until May 2012 and a further $0.4 million was deferred until September 2012. Transaction costs totalling $10,142 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $0.7 million and a net profit before allocation of Group costs and tax of $0.1 million to the Group for the period from 1 March 2012 to 30 June 2012. If the acquisition had occurred on 1 July 2011, it would have contributed revenues of $2.3 million and a profit of $0.4 million for the year ended 30 June 2012.

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

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	1,581	1,581
Deferred consideration	779	779
Total purchase consideration	**2,360**	**2,360**
Fair value of the net identifiable assets acquired	851	851
Goodwill	**1,509**	**1,509**

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

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Other current assets	43	43	43	43
Customer relationship intangible assets	—	590	—	590
Property, plant and equipment	635	598	635	598
Net deferred tax liabilities	—	(96)	—	(96)
Payables	(271)	(271)	(271)	(271)
Employee benefits provision	(13)	(13)	(13)	(13)
Net identifiable assets acquired	**394**	**851**	**394**	**851**

	Consolidated Group June 2013 $'000	Consolidated Group June 2012 $'000
Outflow of cash to acquire business:		
Cash consideration	400	2,381
Less: deferred settlement	—	(400)
Outflow of cash	**400**	**1,981**

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32 Business combinations (continued)

Prior period (continued)

Prahran health club

On 14 March 2012, the Group acquired a health club at Prahran, Victoria, for $3.9 million. Of this, $2.9 million was issued as securities for the Ardent Leisure Group. Transaction costs totalling $9,353 were incurred on this project, expensed in the Income Statement and recognised within operating cash flows in the Statement of Cash Flows.

The acquired business contributed revenues of $0.7 million and a net profit before allocation of Group costs and tax of $0.1 million to the Group for the period from 14 March 2012 to 30 June 2012. If the acquisition had occurred on 1 July 2011, it would have contributed revenues of $2.2 million and a profit of $0.7 million for the year ended 30 June 2012.

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

	Consolidated Group $'000	ALL Group $'000
Purchase consideration:		
Cash paid	900	900
Equity issued	2,907	2,907
Total purchase consideration	**3,807**	**3,807**
Fair value of the net identifiable assets acquired	1,391	1,391
Goodwill	**2,416**	**2,416**

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

	Consolidated Group Acquiree's carrying amount $'000	Consolidated Group Fair value $'000	ALL Group Acquiree's carrying amount $'000	ALL Group Fair value $'000
Other current assets	14	14	14	14
Customer relationship intangible assets	—	980	—	980
Property, plant and equipment	2,379	870	2,379	870
Net deferred tax liabilities	—	(236)	—	(236)
Payables	(214)	(214)	(214)	(214)
Employee benefits provision	(23)	(23)	(23)	(23)
Net identifiable assets acquired	**2,156**	**1,391**	**2,156**	**1,391**

	Consolidated Group June 2013 $'000	Consolidated Group June 2012 $'000
Outflow of cash to acquire business:		
Cash consideration	900	900
Outflow of cash	**900**	**900**

33 Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes cash at banks. Cash as at 30 June 2013 as shown in the Statements of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Cash at bank	12,890	11,566	12,418	8,427
Cash on deposit	63	127	63	127
Total cash and cash equivalents	**12,953**	**11,693**	**12,481**	**8,554**

Cash on deposit at call in the Group bears an average floating interest rate of 2.69% per annum (2012: 3.43% per annum).

Cash on deposit at call in the ALL Group bears an average floating interest rate of 2.75% per annum (2012: 3.50% per annum).

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34 Cash flow information

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

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Profit	35,617	12,627	7,093	3,244
Non-cash items				
Depreciation of property, plant and equipment	29,398	26,867	10,335	8,262
Amortisation	7,857	3,299	7,758	3,197
Depreciation of livestock	48	52	48	52
Security-based payments	1,378	1,701	3,634	2,364
Provision for doubtful debts	46	60	46	60
Gain/(loss) on sale of PPE & livestock	(313)	66	(293)	45
Foreign exchange loss	—	32	—	6
Property valuation (gains)/losses	(90)	15,507	—	—
Classified as financing activities				
Borrowing costs	12,288	12,914	7,531	7,501
Classified as investing activities				
Unrealised gains on derivatives	(339)	(643)	—	—
Gain on acquisition	(2,613)	—	(2,613)	—
Changes in asset and liabilities:				
Decrease/(increase) in assets				
— Receivables	(1,441)	(2,984)	(2,138)	(2,528)
— Inventories	(963)	(1,222)	(963)	(1,222)
— Deferred tax assets	1,344	413	1,344	413
— Other assets	992	(6,254)	2,078	(4,211)
Increase/(decrease) in liabilities				
— Payables and other liabilities	(1,462)	5,376	4,122	3,619
— Provisions	380	(836)	380	(836)
— Payable to the Trust	—	—	(3,692)	(3,365)
— Current tax liabilities	350	1,888	350	1,888
— Deferred tax liabilities	(108)	(250)	(108)	(250)
Net cash flows from operating activities	**82,369**	**68,613**	**34,912**	**18,239**

b) Non-cash financing and investing activities

The following items are not reflected in the Statements of Cash Flows:

Distributions by the Group satisfied during the year by the issue of stapled securities under the DRP	6,988	14,515	196	1,126

35 Net tangible assets

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000
Net tangible assets are calculated as follows:		
Total assets	799,742	675,910
Less: Intangible assets	(196,788)	(139,838)
Less: Total liabilities	(312,452)	(269,255)
Net tangible assets	**290,502**	**266,817**
Total number of stapled securities on issue	397,803,987	334,209,401
Net tangible asset backing per stapled security	$0.73	$0.80

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36 Related party disclosures

a) Directors

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

- Neil Balnaves, AO (Chairman)
- Roger Davis
- Anne Keating
- Don Morris, AO
- Greg Shaw
- George Venardos.

b) Parent entity

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

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

c) Key controlled entities

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

Entity	Activity	Country of establishment	Class of equity securities
Controlled entities of Ardent Leisure Trust:			
Ardent Leisure Trust	Pincipal Lessee: Marinas, Bowling centres Freehold owner: Theme parks	Australia	Ordinary
Ardent Leisure (NZ) Trust	Principal Lessee: Bowling	New Zealand	Ordinary
Goodlife Subtrust	Principal Lessee: Health clubs	Australia	Ordinary
Controlled entities of Ardent Leisure Limited:			
Ardent Leisure Limited	Theme parks, Marinas	Australia	Ordinary
Bowling Centres Australia Pty Limited	Bowling Centres	Australia	Ordinary
Ardent Leisure Operations (NZ) Limited	Bowling Centres	New Zealand	Ordinary
Goodlife Operations Pty Limited	Health Clubs	Australia	Ordinary
Main Event Holdings, Inc	Family Entertainment	USA	Ordinary

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36 Related party disclosures (continued)

d) Transactions with related parties

Key management personnel

Transactions with key management personnel are shown in Note 37.

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 terms and conditions of the tax funding agreement are set out in Note 10(e). The transactions incurred in the year with controlled entities were:

	Consolidated Group 2013 $	Consolidated Group 2012 $	ALL Group 2013 $	ALL Group 2012 $
Purchases of goods				
Fees paid to related parties	(99,890)	(102,769)	—	—
Reimbursable expense to related parties	(1,919)	(124)	(1,919)	(124)
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	—	—	(6,130,526)	(2,968,627)
Loans from Ardent Leisure Trust				
Balance at the beginning of the year	—	—	(124,257,619)	(137,360,880)
Loans advanced	—	—	(110,206,569)	(50,403,197)
Loan repayments made	—	—	133,797,179	72,912,199
Foreign exchange movements	—	—	(5,726,799)	(2,416,551)
Interest charged	—	—	(7,204,972)	(6,989,190)
Balance at the end of the year	**—**	**—**	**(113,598,780)**	**(124,257,619)**

37 Key management personnel

a) Key remuneration objectives

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

In May 2013, the Remuneration and Nomination Committee engaged independent remuneration consultants from Aon Hewitt benchmark the remuneration packages and structure of the Chief Executive Officer and the Chief Financial Officer prior to remuneration and performance reviews to be undertaken after the financial year end. This benchmark exercise did not include the provision of a recommendation; however, the exercise was conducted on arm's length terms from management and reported directly to the Chair of the Remuneration and Nomination Committee. As the Group operates in specialised sectors, difficulties arise in benchmarking executives' remuneration. In order to provide a more meaningful assessment, the scope of the Aon Hewitt benchmark exercise was expanded to (where possible) include unlisted groups and businesses that shared the same international footprint, diversity of operations and complexity of structure.

The remuneration packages of the Chief Executive Officer and the Chief Financial Officer for the financial year are set out in the table below:

Position	Base salary	STI	DSTI	LTI	Total target remuneration
Chief Executive Officer	$750,000	50%	25%	37.5%	$1,593,750
Chief Financial Officer	$400,000	50%	25%	37.5%	$850,000

It should be noted that the Short Term Incentive (STI), DSTI and LTIP figures set out above are considered "at risk" and will only be paid if performance targets have been achieved.

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37 Key management personnel (continued)

b) Remuneration framework and strategy

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

i) Non-Executive Directors

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

Non-Executive Directors are paid solely by the way of directors' fees and do not participate in any equity or short term cash-based incentives schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum aggregate of directors' fees payable to Directors of the Group is set out in clause 16.1 of the Constitution of Ardent Leisure Limited. The maximum total aggregate level of directors' fees payable by the Group is $940,000 per annum and was set by investors at the 27 October 2011 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
Remuneration & Nomination Committee Membership	$7,500
Safety, Sustainability & Environment 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		
	STI	DSTI	LTI
A total employment cost which can be made up of a mix of cash salary, employer superannuation contributions and non-financial benefits such as provision of a motor vehicle.	Cash performance bonus set against pre-determined key performance indicators	Equity incentive based upon actual cash bonus paid and deferred for one and two years.	Equity incentive aligned to targeted investor returns.
SECURE	AT RISK	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 Short Term Incentive (STI), Deferred Short Term Incentive (DSTI) or Long Term Incentive Plan (LTIP).

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37 Key management personnel (continued)

ii) Executive pay (continued)

STI

The STI or bonus program is designed to reward executives for achievement of a number of key performance indicators (KPIs). These KPIs are split into financial and personal categories with the financial measures representing 50% of an executive's STI entitlement and personal measures representing the remaining 50%.

KPI	Maximum STI Entitlement
Earnings and revenue-based financial measures	50%
Personal & Board discretionary	50%
Total	**100%**

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

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

Example of personal KPIs
Develop a dynamic capital adequacy plan to address the following criteria: • Competitive cost of capital; • Innovative funding flexibility; • Distribution/dividend policy; and • Future balance sheet and cash flow capacity to meet the strategic needs of the Group.
Review and present the Group's five year strategic vision and plan.
Drive improvements across the Group in employee workers compensation claims with a view to creating a long term reduction in lost time injury frequency rate.

The extent to which an executive achieves their personal and financial KPIs is assessed by the Remuneration and Nomination Committee based upon recommendations from the Managing Director. The resulting cash 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 investors and when profit is consistent with the Group's business plan.

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

DSTI

The DSTI program was established by the Directors on 1 July 2010 to provide a retention incentive for key employees. The DSTI plan is linked to the actual achievement of KPIs under the STI plan with a percentage of the actual STI paid to an executive being matched in performance rights to acquire fully paid Group stapled securities for nil exercise price. The performance rights issued under the DSTI vest in two equal tranches in 12 months and 24 months.

It should be noted that KMP are required to forego a component of their LTIP entitlement in order to participate in the DSTI. In this way, a component of the LTIP was simply moved into the DSTI and overall remuneration packages remained broadly unchanged.

LTIP

The Long Term Incentive Plan (LTIP) was established by the Board of Directors in 2009 to replace the Executive Securities Plan (ESP) and to take into account changes to the Australian taxation regime in relation to employee share plans. Awards of performance rights under the LTIP range between 10% and 50% of an executive's base salary (including superannuation) dependent upon the executive's role. Further details of the LTIP are set out in Note 29(b) and section (iii) below.

iii) Alignment with investor interests

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

In the 2013 financial year, key management personnel KPIs were set to drive divisional and Group earnings with targets set within the Group's budgetary framework. In this way, the KPIs used to determine performance under the STI are used to align KMP remuneration with sustainable earnings growth and other operational long term goals. The DSTI plan is aligned to these KPIs and acts as a two year retention tool to ensure that earnings targets are not achieved at the expense of long term profitability and growth.

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

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37 Key management personnel (continued)

c) Details of remuneration – key management personnel

iii) Alignment with investor interests (continued)

Key management personnel are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Group. In December 2012, the Directors reviewed the list of those executives previously assessed as being KMP to take into account the growing diversity of the Group's earnings streams. Based upon divisional earnings materiality to the Group, and in addition to the Group's Non-Executive Directors, KMP for the year ended 30 June 2013 were considered to comprise the following:

Position	Name
Chief Executive Officer	Greg Shaw
Chief Financial Officier	Richard Johnson
CEO – Bowling	Lee Chadwick
CEO – Theme parks	Todd Coates
CEO – Main Event	Charlie Keegan
CEO – Health clubs	Greg Oliver

Details of the remuneration of KMP of the Group for 2013 and 2012 are set out in the table on the following pages. The table 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 benefit expense. Further details of the fair value calculations are set out in Notes 29(a) and 29(b).

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37 Key management personnel (continued)

	Year	Short-term benefits		Post-employment benefits		Other long-term benefits						
		Salary $	Cash bonus $	Superannuation $	Retirement $	Retention $	Other $	Termination $	Total cash payment $	Security-based payments $	Total $	Security-based payment % of total
Independent Directors												
Neil Balnaves, AO												
Chairman	2013	181,098	—	16,402	—	—	—	—	197,500	—	197,500	—
	2012	181, 725	—	15,775	—	—	—	—	197,500	—	197,500	—
Roger Davis	2013	128,440	—	11,560	—	—	—	—	140,000	—	140,000	—
	2012	128,440	—	11,560	—	—	—	—	140,000	—	140,000	—
Anne Keating	2013	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
	2012	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
Donald Morris, AO (1)	2013	121,560	—	10,940	—	—	—	—	132,500	—	132,500	—
	2012	58,198	—	5,238	—	—	—	—	63,436	—	63,436	—
George Venardos	2013	133,027	—	11,973	—	—	—	—	145,000	—	145,000	—
	2012	133,027	—	11,973	—	—	—	—	145,000	—	145,000	—
Executive Directors												
Greg Shaw												
Chief Executive Officer	2013	733,530	281,250	16,470	—	—	—	—	1,031,250	469,616	1,500,866	31.3%
	2012	734,225	345,000	15,775	—	—	—	—	1,095,000	506,179	1,601,179	31.6%
Other key management personnel												
Current Executives												
Richard Johnson												
Chief Financial Officer	2013	383,530	160,000	16,470	—	—	—	—	560,000	254,042	814,042	31.2%
	2012	384,225	185,080	15,775	—	—	—	—	585,080	272,578	857,658	31.8%
Lee Chadwick (2)												
CEO – Bowling	2013	268,107	40,192	14,084	—	—	—	—	322,383	—	322,383	—
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Todd Coates (3)												
CEO - Theme parks	2013	333,530	12,500	16,470	—	—	—	—	362,500	—	362,500	—
	2012	241,037	37,115	11,831	—	—	—	—	289,983	—	289,983	—
Charlie Keegan												
CEO – Main Event	2013	318,440	97,737	—	—	—	—	—	416,177	290,982	707,159	41.1%
	2012	288,628	92,602	—	—	—	—	—	381,230	158,779	540,009	29.4%
Greg Oliver												
CEO – Health Clubs	2013	387,966	99,360	16,470	—	—	5,564	—	509,360	139,044	648,404	21.4%
	2012	344,225	98,100	15,775	—	—	—	—	458,100	114,339	572,439	20.0%
Past Executives												
Marcus Anketell (4)												
CEO – Marinas	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	189,055	33,812	13,322	—	—	—	—	236,189	18,680	254,869	7.3%
Roy Menachemson (5)												
CEO – Development	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	345,075	145,242	15,775	—	—	—	—	506,092	107,135	613,227	17.5%
Jordan Rodgers (6)												
Ex CEO – Bowling	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	275,318	51,012	15,775	—	—	—	39,074	381,179	(45,909)	335,270	(13.7%)
Noel Dempsey (7)												
Ex CEO – Marinas	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	55,363	—	1,315	—	—	—	243,349	300,027	9,020	309,047	2.9%
Total 2013		**3,110,788**	**691,039**	**141,779**	**—**	**—**	**5,564**	**—**	**3,949,170**	**1,153,684**	**5,102,854**	**22.6%**
Total 2012		**3,480,101**	**987,963**	**160,829**	**—**	**—**	**—**	**282,423**	**4,911,361**	**1,140,801**	**6,052,116**	**18.8%**

(1) Don Morris AO was appointed a Non-Executive Director of the Group effective 1 January 2012 and is considered KMP from this date.
(2) Lee Chadwick was appointed CEO of the Bowling division on 10 September 2012 and is considered KMP from this date.
(3) Todd Coates was appointed CEO of the Theme Parks division on 3 October 2011 and is considered KMP from this date. Todd Coates resigned from the Group effective 31 July 2013.
(4) Marcus Anketell has not met the definition of KMP for the financial year ended 30 June 2013.
(5) Roy Menachemson has not met the definition of KMP for the financial year ended 30 June 2013.
(6) Jordan Rodgers resigned from the Group effective 20 April 2012.
(7) Noel Dempsey resigned from the Group effective 31 July 2011.

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37 Key management personnel (continued)

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

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

Security-based payments included in the tables above reflect the amounts in the Income Statements of the Group. For Australian KMP, this amount is based on the fair value of the equity instruments at the date of the grant rather than at vesting or reporting date for those instruments not yet vested. For US KMP, this amount is based on the fair value of the equity instruments at the reporting date. During the year, 795,504 securities were issued to employees under the terms of the DSTI (2012: 420,125). If the fair value recorded in the Income Statement was based on the movement in the fair value of the instruments between reporting dates, the amount included in KMP compensation would be increased by $1,900,016 to $3,053,700 (2012: increased by $503,000 to $1,644,000).

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 payment of performance related cash bonuses and participation in the Group's long term incentive plans. Other major provisions of the agreements relating to remuneration are set out below:

Greg Shaw
Chief Executive Officer
Term
No fixed term.
Base salary
$750,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless the executive gives the Group six month's notice in writing, or the Group gives the executive twelve month's notice in writing.

Richard Johnson
Chief Financial Officer
Term
No fixed term.
Base salary
$400,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives six month's notice in writing.

Lee Chadwick
CEO – Bowling
Term
No fixed term.
Base salary
$350,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

Todd Coates
CEO – Theme Parks
Term
No fixed term.
Base salary
$350,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

Charlie Keegan
CEO – Main Event
Term
Contract to 14 February 2015 with automatic renewal on a year by year basis thereafter.
Base salary
USD$325,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless the executive gives three month's notice in writing. An early termination payment equal to one year's salary is payable to the executive if the Group terminates the executive during the contract, other than for gross misconduct.

Greg Oliver
CEO – Health Clubs
Term
No fixed term, however
may not be terminated earlier than September 2015 unless certain early termination conditions are triggered.
Base salary
$410,000 for the year ended 30 June 2013.
Termination
Employment shall continue with the Group unless either party gives three month's notice in writing.

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

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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 2011	Acquisitions 2012	Disposals 2012	Stapled securities held 2012	Acquisitions 2013	Disposals 2013	Stapled securities held 2013
Independent Directors							
Neil Balnaves, AO	298,105	870,957	—	1,169,062	1,270,000	—	2,439,062
Roger Davis	50,857	—	—	50,857	79,418	—	130,275
Anne Keating	62,743	—	—	62,743	11,718	—	74,461
Don Morris, AO	N/A	—	—	—	—	—	—
George Venardos	84,581	—	—	84,581	27,011	—	111,592
Executive Directors							
Greg Shaw	159,277	109,494	—	268,771	499,598	—	768,369
Key management personnel							
Current Executives							
Lee Chadwick	N/A	N/A	N/A	—	—	—	—
Todd Coates	N/A	N/A	N/A	—	—	—	—
Richard Johnson	—	39,939	—	39,939	257,948	(70,000)	227,887
Charlie Keegan	—	—	—	—	—	—	—
Greg Oliver	—	26,532	—	26,532	110,158	—	136,690
Past Executives							
Marcus Anketell [1]	1,726	185	—	1,911	N/A	N/A	N/A
Roy Menachemson[1,2]	38,398	24,676	—	63,074	N/A	N/A	N/A

(1) Executive no longer considered KMP for the year ended at 30 June 2013.
(2) Stapled securities held include securities held under the ESP.

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37 Key management personnel (continued)

f) Loans to KMP

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

g) Other transactions with KMP

During the year, the Group entered into commercial arm's length agreements with companies of interest to Roger Davis by virtue of his position as Non-Executive Director of those companies or their subsidiaries. The Directors fully disclose their interest 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) Deferred Short Term Incentive Plan

The DSTI is a incentive scheme awarded to executives of the Group from 1 July 2010. Details of how the DSTI operated and the valuation inputs are disclosed in Note 29(a).

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

30 June 2013	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current Executives							
Lee Chadwick	—	—	—	—	—	—	—
Todd Coates	—	34,169	—	(34,169)	—	—	—
Richard Johnson	142,761	69,732	(91,350)	—	121,143	—	121,143
Greg Oliver	133,924	86,607	(79,424)	—	141,107	—	141,107
Greg Shaw	260,836	122,576	(165,002)	—	218,410	—	218,410
Equity-settled	**537,521**	**313,084**	**(335,776)**	**(34,169)**	**480,660**	**—**	**480,660**
Charlie Keegan	128,892	83,307	(77,624)	—	134,575	—	134,575
Cash-settled	**128,892**	**83,307**	**(77,624)**	**—**	**134,575**	**—**	**134,575**
Past Executives							
Marcus Anketell	21,991	N/A	N/A	N/A	N/A	N/A	N/A
Roy Menachemson	65,021	N/A	N/A	N/A	N/A	N/A	N/A
Total performance rights	**753,425**	**396,391**	**(413,400)**	**(34,169)**	**615,235**	**—**	**615,235**

Performance rights granted to executives vest over varying periods of one and two 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 2010 grant, performance rights under the DSTI were allocated on the basis of a valuation dated 23 August 2010. A valuation difference of $0.13 per performance right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates and a shorter vesting period.

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

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

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37 Key management personnel (continued)

i) Long term incentive plan

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 29(b).

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

30 June 2013	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Current Executives							
Lee Chadwick	—	—	—	—	—	—	—
Todd Coates	—	71,815	—	(71,815)	—	—	—
Richard Johnson	879,065	246,225	(166,598)	(46,804)	911,888	—	911,888
Greg Oliver	191,928	84,127	(29,619)	—	246,436	—	246,436
Greg Shaw	1,648,245	461,671	(312,372)	(87,757)	1,709,787	—	1,709,787
Equity-settled	**2,719,238**	**863,838**	**(508,589)**	**(206,376)**	**2,868,111**	**—**	**2,868,111**
Charlie Keegan	172,966	51,115	(32,756)	(11,560)	179,765	—	179,765
Cash-settled	**172,966**	**51,115**	**(32,756)**	**(11,560)**	**179,765**	**—**	**179,765**
Past Executives							
Marcus Anketell	45,809	N/A	N/A	N/A	N/A	N/A	N/A
Roy Menachemson	314,938	N/A	N/A	N/A	N/A	N/A	N/A
Total performance rights	**3,252,951**	**914,953**	**(541,345)**	**(217,936)**	**3,047,876**	**—**	**3,047,876**

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 2009 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 right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

Under the terms of the 2010 grant, performance rights were allocated on the basis of a valuation dated 23 August 2010 being the date 24 hours after the release of the 2010 financial year results. A valuation difference of $0.06 per performance right between the allocation date and the grant date was caused by an increase in the Group's security price between these dates.

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

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

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37 Key management personnel (continued)

i) Long term incentive plan (continued)

The table below sets out maximum number of performance rights that vested during the financial year and that are yet to vest. The percentage of cash STI (as listed in Note 37(c)) that was awarded to the Group's KMP and the percentage that was forfeited because the executive did not meet the performance criteria is also set out below. No part of any cash STI is payable in future years.

		Year granted	Tranche	Financial years in which performance rights may vest		Lapsed	Vested	Cash STI awarded	Cash STI forteited
Current executives				Year	Number	Number	Number	%	%
Equity settled									
Lee Chadwick	—	—	—	—	—	—	—	—	—
Todd Coates	LTIP	2012	T1	2015	23,938	23,938	—	32.0	68.0
			T2	2016	23,938	23,938	—		
			T3	2017	23,939	23,939	—		
	DSTI	2012	T1	2014	17,084	17,084	—		
			T2	2015	17,085	17,085	—		
Richard Johnson	LTIP	2009	T2	2013	104,707	46,804	57,903	80.0	20.0
			T3	2014	104,707	—	—		
		2010	T1	2013	108,695	—	108,695		
			T2	2014	108,696	—	—		
			T3	2015	108,696	—	—		
		2011	T1	2014	114,521	—	—		
			T2	2015	114,521	—	—		
			T3	2016	114,522	—	—		
		2012	T1	2015	82,075	—	—		
			T2	2016	82,075	—	—		
			T3	2017	82,075	—	—		
	DSTI	2010	T2	2013	39,939	—	39,939		
		2011	T1	2013	51,411	—	51,411		
			T2	2014	51,411	—	—		
		2012	T1	2014	34,866	—	—		
			T2	2015	34,866	—	—		
Greg Oliver	LTIP	2010	T1	2013	29,619	—	29,619	92.0	8.0
			T2	2014	29,620	—	—		
			T3	2015	29,620	—	—		
		2011	T1	2014	34,356	—	—		
			T2	2015	34,356	—	—		
			T3	2016	34,357	—	—		
		2012	T1	2015	28,042	—	—		
			T2	2016	28,042	—	—		
			T3	2017	28,043	—	—		
	DSTI	2010	T2	2013	24,924	—	24,924		
		2011	T1	2013	54,500	—	54,500		
			T2	2014	54,500	—	—		
		2012	T1	2014	43,303	—	—		
			T2	2015	43,304	—	—		

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37 Key management personnel (continued)

i) Long term incentive plan (continued)

		Year granted	Tranche	Financial years in which performance rights may vest		Lapsed	Vested	Cash STI awarded	Cash STI forteited
Curent executives (continued)				Year	Number	Number	Number	%	%
Equity settled (continued)									
Greg Shaw	LTIP	2009	T2	2013	196,325	87,757	108,568	75.0	25.0
			T3	2014	196,325	—	—		
		2010	T1	2013	203,804	—	203,804		
			T2	2014	203,804	—	—		
			T3	2015	203,805	—	—		
		2011	T1	2014	214,727	—	—		
			T2	2015	214,727	—	—		
			T3	2016	214,728	—	—		
		2012	T1	2015	153,890	—	—		
			T2	2016	153,890	—	—		
			T3	2017	153,891	—	—		
	DSTI	2010	T2	2013	69,169	—	69,169		
		2011	T1	2013	95,833	—	95,833		
			T2	2014	95,834	—	—		
		2012	T1	2014	61,288	—	—		
			T2	2015	61,288	—	—		
Cash Settled									
Charlie Keegan	LTIP	2009	T2	2013	25,863	11,560	14,303	95.0	5.0
			T3	2014	25,863	—	—		
		2010	T1	2013	18,453	—	18,453		
			T2	2014	18,453	—	—		
			T3	2015	18,454	—	—		
		2011	T1	2014	21,960	—	—		
			T2	2015	21,960	—	—		
			T3	2016	21,960	—	—		
		2012	T1	2015	17,038	—	—		
			T2	2016	17,038	—	—		
			T3	2017	17,039	—	—		
	DSTI	2010	T2	2013	26,357	—	26,357		
		2011	T1	2013	51,267	—	51,267		
			T2	2014	51,268	—	—		
		2012	T1	2014	41,653	—	—		
			T2	2015	41,654	—	—		

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 Sky Point observation deck and climb 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 fifty centres located in Australia and New Zealand.

38 Segment information (continued)

Business segments (continued)

Family entertainment centres

This segment comprises of twelve Main Event sites in Texas, United States of America.

Health clubs

This comprises sixty six centres in Queensland, New South Wales, Victoria, South Australia and Western Australia.

Other

In the past, this segment has included commission revenue received for Australian Tour Desk, a fractional boat ownership business in Sydney, New South Wales and consultancy fees earned from the Adventure World theme park in Perth, Western Australia.

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

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

Business segment 2013
Consolidated Group

	Health clubs $'000	Family entertainment centres $'000	Theme parks $'000	Marinas $'000	Bowling centres $'000	Other $'000	Total $'000
Revenue from operating activities	**140,689**	**72,695**	**97,086**	**23,141**	**115,230**	**62**	**448,903**
Divisional EBITDA before property costs [(1)]	60,032	26,381	32,211	13,034	36,381	(7)	168,032
Divisional EBITDA [(2)]	30,329	17,001	30,450	10,687	12,773	(7)	101,233
Depreciation and amortisation [(3)]	(5,064)	(4,601)	(5,172)	(762)	(6,762)	(283)	(22,644)
Divisional EBIT [(4)]	**25,265**	**12,400**	**25,278**	**9,925**	**6,011**	**(290)**	**78,589**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation and Goodlife intangible asset amortisation not included in divisional EBIT.							(18,496)
Property valuation gains							90
Gain on acquisition							2,613
Net gain from derivative financial instruments							602
Corporate costs including gains on sale of assets, interest income and foreign exchange gains and losses							(12,159)
Borrowing costs							(12,288)
Net tax expense							(3,334)
Profit							**35,617**
Total assets	200,261	102,401	249,000	101,446	134,184	12,450	**799,742**
Acquisitions of property, plant and equipment, investment properties and intangible assets	87,487	24,679	6,964	2,372	15,458	1,509	**138,469**

(1) Excludes pre-opening expenses of $2,527,000.
(2) Excludes straight lining of fixed rent increases of $1,311,000 and pre-opening expenses of $2,527,000.
(3) Excludes IFRS depreciation of $6,920,000 and amortisation of Goodlife intangible assets totalling $7,739,000.
(4) Comprises of pre-opening expenses of $2,527,000, straight lining of fixed rent increases of $1,311,000, IFRS depreciation of $6,920,000 and amortisation of Goodlife intangible assets of $7,739,000.

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38 Segment information (continued)

Business segment 2012
Consolidated Group

	Health clubs $'000	Family entertainment centres $'000	Theme parks $'000	Marinas $'000	Bowling centres $'000	Other $'000	Total $'000
Revenue from operating activities	**102,577**	**55,236**	**93,707**	**23,672**	**114,241**	**641**	**390,074**
Divisional EBITDA before property costs [1]	40,224	19,336	30,485	13,256	36,718	177	140,196
Divisional EBITDA [2]	19,959	12,312	28,904	10,669	14,825	177	86,846
Depreciation and amortisation [3]	(3,607)	(4,171)	(5,469)	(733)	(6,363)	(125)	(20,468)
Divisional EBIT [4]	**16,352**	**8,141**	**23,435**	**9,936**	**8,462**	**52**	**66,378**
Pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation and Goodlife intangible asset amortisation not included in divisional EBIT.							(13,013)
Property valuation losses							(15,507)
Net loss from derivative financial instruments							(392)
Corporate costs including gains on sale of assets, interest income and foreign exchange gains and losses							(9,365)
Borrowing costs							(12,914)
Net tax expense							(2,560)
Profit							**12,627**
Total assets	123,527	69,099	241,199	99,744	119,018	23,323	**675,910**
Acquisitions of property, plant and equipment, investment properties and intangible assets	14,809	11,041	15,575	2,204	14,425	1,884	**59,938**

(1) Excludes pre-opening expenses of $1,064,000.
(2) Excludes straight lining of fixed rent increases of $2,199,000 and pre-opening expenses of $1,064,000.
(3) Excludes IFRS depreciation of $6,570,000 and amortisation of Goodlife intangible assets totalling $3,180,000.
(4) Comprises of pre-opening expenses of $1,064,000, straight lining of fixed rent increases of $2,199,000, IFRS depreciation of $6,570,000 and amortisation of Goodlife intangible assets of $3,180,000.

38 Segment information (continued)

Business segment 2013
ALL Group

	Health clubs $'000	Family entertainment centres $'000	Theme parks $'000	Marinas $'000	Bowling centres $'000	Other $'000	Total $'000
Revenue from operating activities	**140,689**	**72,695**	**97,086**	**23,141**	**115,230**	**62**	**448,903**
Divisional EBITDA before rent to Trust [1]	51,621	17,001	32,211	13,034	36,381	(7)	150,241
Divisional EBITDA after rent to Trust [1]	22,088	17,001	2,716	956	5,676	(7)	48,430
Depreciation and amortisation [2]	(5,021)	(4,601)	(151)	—	(347)	(283)	(10,403)
Divisional EBIT [3]	**17,067**	**12,400**	**2,565**	**956**	**5,329**	**(290)**	**38,027**
Pre-opening expenses and Goodlife intangible asset amortisation not included in divisional EBIT [3]							(10,177)
Corporate costs including head office costs, foreign exchange gains and loss and losses on disposal of assets							(10,125)
Borrowing costs							(7,531)
Net tax expense							(3,101)
Profit							**7,093**
Total assets	161,592	102,599	15,535	1,268	29,816	12,983	**323,793**
Acquisitions of property, plant and equipment, investment properties and intangible assets	83,272	24,679	18	—	277	1,512	**109,758**

(1) Excludes pre-opening expenses of $2,438,000.
(2) Excludes amortisation of Goodlife intangible assets of $7,739,000.
(3) Excludes pre-opening expenses of $2,438,000 and amortisation of Goodlife intangible assets of $7,739,000.

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38 Segment information (continued)

Business segment 2012

ALL Group

	Health clubs $'000	Family entertainment centres $'000	Theme parks $'000	Marinas $'000	Bowling centres $'000	Other $'000	Total $'000
Revenue from operating activities	**102,577**	**55,236**	**93,707**	**23,672**	**114,242**	**640**	**390,074**
Divisional EBITDA before rent to Trust [(1)]	40,224	12,312	30,485	13,256	36,717	177	133,171
Divisional EBITDA after rent to Trust [(1)]	12,524	12,312	2,604	973	5,580	177	34,170
Depreciation and amortisation [(2)]	(3,508)	(4,171)	(195)	—	(327)	(125)	(8,326)
Divisional EBIT [(3)]	**9,016**	**8,141**	**2,409**	**973**	**5,253**	**52**	**25,844**
Pre-opening expenses and Goodlife intangible asset amortisation not included in divisional EBIT							(9,372)
Corporate expenses including head office costs, foreign exchange gains and loss and losses on disposal of assets							(3,344)
Borrowing costs							(7,501)
Net tax expense							(2,383)
Profit							**3,244**
Total assets	88,270	69,143	14,749	1,590	26,460	20,947	**221,159**
Acquisitions of property, plant and equipment, investment properties and intangible assets	9,922	10,999	—	—	475	1,238	**22,634**

(1) Excludes pre-opening expenses of $1,064,000.
(2) Excludes amortisation of Goodlife intangible assets of $3,180,000.
(3) Excludes pre-opening expenses of $1,064,000 and amortisation of Goodlife intangible assets of $3,180,000.

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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, interest cover and debt serviceability ratios within approved limits and continuing to operate as a going concern.

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

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

The Group has a target gearing ratio of 30% to 35% of debt to debt plus equity. At 30 June 2013, gearing was 32.0% (2012: 32.3%) compared to Group's banking covenant of 40% and the Group has complied with the financial covenants of its borrowing facilities in the current and previous financial years.

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

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

b) Financial risk management

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

The Group's activities expose it to a variety of financial risks: market risk (including 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 FRM policy sets out the Group's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

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

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

c) Market risk

Foreign exchange risk

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

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

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

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

Foreign investment

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

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39 Capital and financial risk management (continued)

c) Market risk (continued)

Foreign exchange risk (continued)

Foreign investment (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 Group	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Assets						
Cash and cash equivalents	8,983	8,447	529	562	3,441	2,685
Receivables and other current assets	21,926	20,714	432	337	3,873	3,387
Derivative financial instruments	575	270	—	—	—	—
Properties held for sale	4,210	—	—	—	—	—
Investment properties	95,232	94,915	—	—	—	—
Property, plant and equipment	408,534	375,266	2,075	1,600	51,306	25,543
Intangible assets	150,186	98,202	3,279	3,028	43,323	38,607
Other non-current assets	1,814	4,864	24	33	—	341
Total assets	**691,460**	**602,678**	**6,339**	**5,560**	**101,943**	**70,563**
Liabilities						
Payables and other current liabilities	58,305	57,568	544	518	12,836	8,172
Derivative financial instruments	1,891	3,451	—	—	—	—
Interest bearing liabilities	152,081	154,399	—	—	75,785	39,055
Other non-current liabilities	2,011	4,182	—	—	8,999	4,804
Total liabilities	**214,288**	**219,600**	**544**	**518**	**97,620**	**52,031**
Net assets	**477,172**	**383,078**	**5,795**	**5,042**	**4,323**	**18,532**
Notional value of derivatives to hedge foreign exchange exposure	—	—	—	—	5,752	4,970
Net exposure to foreign exchange movements	**477,172**	**383,078**	**5,795**	**5,042**	**10,075**	**23,502**

39 Capital and financial risk management (continued)

c) Market risk (continued)

Foreign exchange risk (continued)

Foreign investment (continued)

ALL Group	Australian dollars 2013 $'000	Australian dollars 2012 $'000	New Zealand dollars 2013 $'000	New Zealand dollars 2012 $'000	US dollars 2013 $'000	US dollars 2012 $'000
Assets						
Cash and cash equivalents	8,902	5,953	281	330	3,298	2,271
Receivables and other current assets	21,016	24,415	137	116	3,873	3,387
Properties held for sale	4,210	—	—	—	—	—
Property, plant and equipment	32,144	17,058	—	—	51,306	25,543
Intangible assets	150,186	98,103	3,279	3,028	43,323	38,607
Other non-current assets	1,814	4,864	24	33	—	341
Total assets	**218,272**	**150,393**	**3,721**	**3,507**	**101,800**	**70,149**
Liabilities						
Payables and other current liabilities	49,157	46,260	61	297	12,833	8,108
Interest bearing liabilities	113,411	83,562	—	—	55,173	41,211
Other non-current liabilities	2,011	4,182	—	—	8,999	4,804
Total liabilities	**164,579**	**134,004**	**61**	**297**	**77,005**	**54,123**
Net assets	**53,693**	**16,389**	**3,660**	**3,210**	**24,795**	**16,026**
Net exposure to foreign exchange movements	**53,693**	**16,389**	**3,660**	**3,210**	**24,795**	**16,026**

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 potential net increase.

Consolidated Group	Profit movement 2013 $'000	Profit movement 2012 $'000	Core earnings movement 2013 $'000	Core earnings movement 2012 $'000	Total equity movement 2013 $'000	Total equity movement 2012 $'000
AUD:NZD – increase 10%	(527)	(458)	—	—	(527)	(458)
AUD:NZD – decrease 10%	644	560	—	—	644	560
AUD:USD – increase 10%	(949)	(2,136)	—	—	(949)	(2,136)
AUD:USD – decrease 10%	1,160	2,611	—	—	1,160	2,611

ALL Group	Profit movement 2013 $'000	Profit movement 2012 $'000	Total equity movement 2013 $'000	Total equity movement 2012 $'000
AUD:NZD – increase 10%	(333)	(292)	(333)	(292)
AUD:NZD – decrease 10%	407	357	407	357
AUD:USD – increase 10%	(2,254)	(1,457)	(2,254)	(1,457)
AUD:USD – decrease 10%	2,755	1,781	2,755	1,781

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39 Capital and financial risk management (continued)

c) Market risk (continued)

Foreign exchange risk (continued)

Foreign income

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

From time to time, the Group uses forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined rates out into the future. At reporting date, the Group has no hedging in place over USD or NZD income.

Interest rate risk

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

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

The Group has exposures to interest rate risk on its 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 potential net increase.

	Australian interest		US interest	
Consolidated Group	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed rates				
Interest bearing liabilities	(299)	(516)	—	—
	(299)	**(516)**	**—**	**—**
Floating rates				
Cash and cash equivalents	9,512	9,008	3,441	2,685
Interest bearing liabilities	(152,995)	(154,675)	(76,258)	(39,055)
	(143,483)	**(145,667)**	**(72,817)**	**(36,370)**
Interest rate swaps	120,000	80,000	—	—
Net interest rate exposure	**(23,483)**	**(65,667)**	**(72,817)**	**(36,370)**

Refer to Note 14 for further details on the interest rate swaps.

	Australian interest		US interest	
ALL Group	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed rates				
Interest bearing liabilities	(299)	(516)	—	—
	(299)	**(516)**	**—**	**—**
Floating rates				
Cash and cash equivalents	9,183	6,283	3,298	2,271
Interest bearing liabilities	(113,112)	(83,046)	(55,646)	(41,211)
	(103,929)	**(76,763)**	**(52,348)**	**(38,940)**
Net interest rate exposure	**(103,929)**	**(76,763)**	**(52,348)**	**(38,940)**

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39 Capital and financial risk management (continued)

c) Market risk (continued)

Interest rate risk (continued)

Sensitivity

Consolidated Group	Profit movement 2013 $'000	Profit movement 2012 $'000	Core earnings movement 2013 $'000	Core earnings movement 2012 $'000	Total equity movement 2013 $'000	Total equity movement 2012 $'000
1% increase in USD rates	(475)	(140)	(475)	(140)	(475)	(140)
1% decrease in USD rates	475	140	475	140	475	140
1% increase in AUD rates	(223)	(652)	(235)	(657)	1,179	854
1% decrease in AUD rates	223	652	235	657	(1,179)	(854)

ALL Group	Profit movement 2013 $'000	Profit movement 2012 $'000	Total equity movement 2013 $'000	Total equity movement 2012 $'000
1% increase in USD rates	(522)	(254)	(522)	(254)
1% decrease in USD rates	522	254	522	254
1% increase in AUD rates	(1,039)	(768)	(1,039)	(768)
1% decrease in AUD rates	1,039	768	1,039	768

At reporting date, the Group has fixed 52.4% (2012: 41.5%) 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 Group's and ALL Group's fixed and floating rate financial liabilities and derivatives as at 30 June 2013. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the value shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

Consolidated Group 2013	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	63,977	63,977	—	—	—	—	—	63,977
Finance leases	299	238	61	62	—	—	—	299
Term debt	227,567	8,329	8,329	8,329	178,841	52,995	—	256,823
Interest rates swaps designated as hedges of the term debt	1,891	995	336	8	—	—	—	1,339
Foreign exchange swaps	575	5,187	—	—	—	—	—	5,187
Total undiscounted financial liabilities	**294,309**	**78,762**	**8,726**	**8,337**	**178,841**	**52,995**	**—**	**327,625**

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39 Capital and financial risk management (continued)

d) Liquidity risk (continued)

Consolidated Group 2012	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	59,800	59,800	—	—	—	—	—	59,800
Finance leases	516	436	249	62	—	—	—	747
Term debt	192,938	8,875	184,114	14,256	—	—	—	207,245
Interest rates swaps designated as hedges of the term debt	3,204	911	511	183	—	—	—	1,605
Foreign exchange swaps	517	7,035	—	—	—	—	—	7,035
Total undiscounted financial liabilities	**256,975**	**77,057**	**184,874**	**14,501**	**—**	**—**	**—**	**276,432**

ALL Group 2013	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	54,343	54,343	—	—	—	—	—	54,343
Finance leases	299	238	61	—	—	—	—	299
Term debt	54,686	865	865	865	55,159	—	—	57,754
Loan from the Trust	113,599	6,095	6,095	6,095	6,095	6,095	115,135	145,610
Total undiscounted financial liabilities	**222,927**	**61,541**	**7,021**	**6,960**	**61,254**	**6,095**	**115,135**	**258,006**

ALL Group 2012	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	48,234	48,234	—	—	—	—	—	48,234
Finance leases	516	436	249	62	—	—	—	747
Loan from the Trust	124,257	6,774	125,408	—	—	—	—	132,182
Total undiscounted financial liabilities	**173,007**	**55,444**	**125,657**	**62**	**—**	**—**	**—**	**181,163**

e) Credit risk

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

The Group manages 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.

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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 Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Cash and cash equivalents	12,953	11,693	12,481	8,554
Receivables – Australasia	5,990	5,083	8,231	10,924
Receivables – US	1,059	596	1,059	596
Derivative financial instruments	575	270	—	—
	20,577	**17,642**	**21,771**	**20,074**

All cash, derivative financial instruments and interest bearing receivables are neither past due nor impaired.

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

	Past due but not impaired				Impaired	Total
	Less than 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	More than 90 days $'000	$'000	$'000
Consolidated Group 2013						
Receivables – Australasia	1,403	613	169	126	706	3,017
Receivables – US	—	—	—	—	—	—
	1,403	**613**	**169**	**126**	**706**	**3,017**
Consolidated Group 2012						
Receivables – Australasia	487	409	175	183	862	2,116
Receivables – US	1	—	—	—	—	1
	488	**409**	**175**	**183**	**862**	**2,117**
ALL Group 2013						
Receivables – Australasia	1,403	613	169	126	706	3,017
Receivables – US	—	—	—	—	—	—
	1,403	**613**	**169**	**126**	**706**	**3,017**
ALL Group 2012						
Receivables – Australasia	487	409	175	183	862	2,116
Receivables – US	1	—	—	—	—	1
	488	**409**	**175**	**183**	**862**	**2,117**

Based on a review of receivables by management, a provision of $609,000 (2012: $774,000) has been made against receivables with a gross balance of $706,000 (2012: $862,000).

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.

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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 by level using 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 assets and liabilities measured and recognised at fair value at 30 June 2013:

Consolidated Group 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	—	575	—	575
Total assets	—	**575**	—	**575**
Liabilities				
Derivative financial instruments	—	1,891	—	1,891
Total liabilities	—	**1,891**	—	**1,891**

Consolidated Group 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	—	270	—	270
Total assets	—	**270**	—	**270**
Liabilities				
Derivative financial instruments	—	3,451	—	3,451
Total liabilities	—	**3,451**	—	**3,451**

All derivative financial instruments were valued based on valuations received from the counterparty at 30 June 2013. The ALL Group has no financial assets or liabilities held at fair value. 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 Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Property, plant and equipment				
Payable:				
Within one year	1,920	1,712	1,920	1,712
	1,920	**1,712**	**1,920**	**1,712**

b) Lease commitments

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Within one year	63,044	46,011	23,160	9,630
Later than one year but not later than five years	230,150	186,412	98,077	40,667
Later than five years	188,940	141,588	108,617	89,923
	482,134	**374,011**	**229,854**	**140,220**
Representing:				
Cancellable operating leases	1,473	362	1,473	362
Non-cancellable operating leases	480,350	373,089	228,070	139,298
Finance leases	311	560	311	560
	482,134	**374,011**	**229,854**	**140,220**

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41 Capital and lease commitments (continued)

b) Lease commitments (continued)

Operating leases

The majority of non-cancellable operating leases in the Group relate to property leases.

Non-cancellable operating leases in the ALL Group include base rentals payable to the Trust in accordance with the leases for Dreamworld, d'Albora marinas, bowling centre and health club properties. Further amounts are payable in respect of these properties; however the additional rental calculations are unable to be determined at reporting date as a result of the calculations being based upon future profits of the businesses.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Within one year	62,300	45,633	22,416	9,253
Later than one year but not later than five years	229,110	185,868	97,037	40,122
Later than five years	188,940	141,588	108,617	89,923
	480,350	**373,089**	**228,070**	**139,298**

Finance leases

Commitments in relation to finance leases are payable as follows:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Within one year	249	249	249	249
Later than one year but not later than five years	62	311	62	311
Minimum lease payments	**311**	**560**	**311**	**560**
Less: Future finance charges	(12)	(44)	(12)	(44)
Total lease liabilities	**299**	**516**	**299**	**516**
Representing lease liabilities:				
Current	238	229	238	229
Non-current	61	287	61	287
	299	**516**	**299**	**516**

The Group leases various plant and equipment with a carrying value of $582,000 (2012: $673,000) under finance leases which expire within one to five years. The weighted average interest rate implicit in the leases is 5.41% per annum (2012: 5.41% per annum).

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42 Deed of cross guarantee

In 2006, ALL, Bowling Centres Australia Pty Limited, Bowl Australia Holdings Pty Limited, Tidebelt Pty Limited and Bowling Centres Australia Catering Services Pty Limited entered into a deed of cross guarantee under which each company guarantees the debts of the others. In 2010, Ardent Leisure Health Clubs 1 Pty Limited, Ardent Leisure Health Clubs 2 Pty Limited, Goodlife Health Clubs Holdings Pty Limited, Goodlife Operations Pty Limited, Ardent Boat Share Pty Limited and Ardent Boat Share Finance Limited executed an Assumption Deed and became parties to the deed of cross guarantee under which each company guarantees the debts of the others. On 9 October 2012, Fenix Holdings Pty Limited and its controlled entities executed as Assumption Deed and became parties to the deed of cross guarantee under which the entities guarantee the debts of the others.

On 1 July 2012, a Revocation Deed was executed whereby Ardent Boat Share Pty Limited, Ardent Boat Share Finance Limited, Bowl Australia Holdings Pty Limited, Bowling Centres Australia Catering Services Pty Limited and Tidebelt Pty Limited were released from the deed of cross guarantee.

By entering into the deeds, Bowling Centres Australia Pty Limited, Goodlife Operations Pty Limited, Ardent Leisure Health Clubs 1 Pty Limited and Fenix Holdings Pty 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 Holdings Pty Limited and Goodlife Operations Pty Limited represent a 'Closed Group' for the purposes of the Class Order (2012: Closed Group also included Ardent Boat Share Pty Limited and Ardent Boat Share Finance 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 2013 of the Closed Group:

	2013 $'000	2012 $'000
Revenue from operating activities	367,834	329,647
Purchases of finished goods	(30,451)	(29,302)
Salary and employee benefits	(143,279)	(129,993)
Borrowing costs	(10,561)	(8,637)
Property expenses	(106,510)	(95,157)
Depreciation and amortisation	(13,563)	(7,340)
Advertising and promotions	(15,279)	(13,958)
Repairs and maintenance	(16,859)	(13,296)
Pre-opening expenses	(1,369)	(528)
Other expenses	(29,709)	(30,432)
Profit before tax benefit	**254**	**1,004**
Income tax benefit	1,575	1,174
Profit	**1,829**	**2,178**

b) Consolidated Statement of Comprehensive Income Statement

Set out below is a consolidated Statement of Comprehensive Income for the year ended 30 June 2013 of the Closed Group:

	2013 $'000	2012 $'000
Profit	1,829	2,178
Other comprehensive income for the period	—	—
Total comprehensive income for the period	**1,829**	**2,178**

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42 Deed of cross guarantee (continued)

c) Consolidated Balance Sheet

Set out below is a consolidated Balance Sheet as at 30 June 2012 of the Closed Group:

	2013 $'000	2012 $'000
Current assets		
Cash and cash equivalents	8,901	5,699
Receivables	7,582	9,549
Inventories	8,148	7,448
Current tax receivables	1,001	1,730
Other	4,671	5,928
Total current assets	**30,303**	**30,354**
Non-current assets		
Property, plant and equipment	36,382	16,774
Livestock	305	353
Intangible assets	131,303	79,220
Deferred tax assets	5,772	4,509
Investment in controlled entities	49,730	49,730
Total non-current assets	**223,492**	**150,586**
Total assets	**253,795**	**180,940**
Current liabilities		
Payables	42,306	41,021
Interest bearing liabilities	238	229
Provisions	2,990	2,735
Other	1,516	1,706
Total current liabilities	**47,050**	**45,691**
Non-current liabilities		
Payables	190,513	124,972
Interest bearing liabilities	61	—
Provisions	2,011	1,915
Deferred tax liabilities	4,119	2,392
Total non-current liabilities	**196,704**	**129,279**
Total liabilities	**243,754**	**174,970**
Net assets	**10,041**	**5,970**
Equity		
Contributed equity	14,202	11,960
Reserves	(2,310)	(2,310)
Accumulated losses	(1,851)	(3,680)
Total equity	**10,041**	**5,970**

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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 2013 of the Closed Group:

	Share Capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Total equity at 30 June 2011	10,567	(2,310)	(5,858)	2,399
Total comprehensive income	—	—	2,178	2,178
Contributions of equity, net of issue costs	1,393	—	—	1,393
Total equity at 30 June 2012	11,960	(2,310)	(3,680)	5,970
Total comprehensive income	—	—	1,829	1,829
Contributions of equity, net of issue costs	2,242	—	—	2,242
Total equity at 30 June 2013	**14,202**	**(2,310)**	**(1,851)**	**10,041**

43 Parent entity financial information

a) Summary financial information

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Balance Sheet				
Current assets	14,468	11,888	10,726	14,891
Total assets	652,062	613,227	181,709	146,057
Current liabilities	18,538	25,081	16,383	20,097
Total liabilities	192,725	217,695	189,995	144,492
Equity				
Contributed equity	487,213	409,940	14,202	11,960
Reserves	(3,371)	(4,900)	(2,310)	(2,310)
Accumulated losses	(24,505)	(9,833)	(20,178)	(8,085)
	459,337	**395,207**	**(8,286)**	**1,565**
Profit/(loss)	**28,960**	**1,087**	**(12,093)**	**(2,338)**
Total comprehensive income	**30,489**	**(704)**	**(12,093)**	**(2,338)**

b) Guarantees

In June 2013, Ardent Leisure Trust and Ardent Leisure Limited entered into an agreement to guarantee the obligations of Ardent Leisure US Holding Inc. (a wholly-owned subsidiary of Ardent Leisure Limited) under the terms of the Group's extended syndicated facility arrangements as disclosed in Note 24.

Excluding the above and the deed of cross guarantee (per Note 42), there are no other material guarantees entered into by Ardent Leisure Limited and Ardent Leisure Trust in relation to the debts of their subsidiaries.

c) Contingent Liabilities

Ardent Leisure Trust and Ardent Leisure Limited did not have any contingent liabilities at 30 June 2013 or 30 June 2012.

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43 Parent entity financial information (continued)

d) Contractual commitments for the acquisition of property, property and equipment

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated Group 2013 $'000	Consolidated Group 2012 $'000	ALL Group 2013 $'000	ALL Group 2012 $'000
Property, plant and equipment				
Payable:				
Within one year	—	—	1,920	1,173
	—	—	**1,920**	**1,173**

Commitments with respect to the above property, plant and equipment have been incurred by ALL on behalf of the Trust for the Australian and New Zealand geographic segments totalling $1,920,000 (2012: $1,173,000). Any commitments relating to the Australian and New Zealand geographic segments will therefore be subsequently reimbursed by the Trust the month following payment.

44 Events occurring after reporting date

Subsequent to year end, a distribution of 5.4 cents per stapled security has been declared by the Board of Directors. The total distribution amount of $21.5 million will be paid on or before 30 August 2013 in respect of the half year ended 30 June 2013.

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 2013.

Directors' declaration to stapled security holders.

In the opinion of the Directors of Ardent Leisure Management Limited and Ardent Leisure Limited:

a) the financial statements and notes of Ardent Leisure Trust and its controlled entities, including Ardent Leisure Limited and its controlled entities (Ardent Leisure Group) and Ardent Leisure Limited and its controlled entities (ALL Group) set out on pages 50 to 131 are in accordance with the Corporations Act 2001, including:

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

   ii) giving a true and fair view of the Ardent Leisure Group's and ALL Group's financial position as at 30 June 2013 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the financial year ended on that date;

b) there are reasonable grounds to believe that both the Ardent Leisure Group and ALL Group will be able to pay their debts as and when they become due and payable;

c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board; and

d) at the date of this declaration, there are reasonable grounds to believe that the members of the 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

Neil Balnaves AO
Director

Sydney
21 August 2013

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Independent Auditor's Report
to the staple security holders of Ardent Leisure Group and Ardent Leisure Limited Group

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Report on the financial report

We have audited the accompanying financial report which comprises:

- The balance sheet as at 30 June 2013, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, a summary of significant accounting policies, other explanatory notes and the directos' declaration for Ardent Leisure Group (the consolidated stapled entity). The consolidated stapled entity, as described in Note 1 to the financial report, comprises the Ardent Leisure Trust (the trust) and the entities it controlled at the year's end or from time to time during the financial year.
- The balance sheet as at 30 June 2013, the income statement, and 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 Ardent Leisure Limited Group (the ALL Group). The ALL Group, comprises Ardent Leisure Limited (the company or ALL) 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 Ardent Leisure Limited and the directors of Ardent Leisure Management Limited, the responsible entity of the Ardent Leisure Trust (collectively referred to as "the directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the finacial report that is free from material misstatement, whether due to fraud or error. 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. Those 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.

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*.

PricewaterhouseCoopers, ABN 52 780 433 757
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Auditor's opinion

In our opinion:

a) the financial report of Ardent Leisure Group and Ardent Leisure Limited Group is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated stapled entity's and consolidated entity's financial position as at 30 June 2013 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 27 of the directors' report for the year ended 30 June 2013. The directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Accounting Standards.

Auditor's opinion

In our opinion, the remuneration report of Ardent Leisure Group and Ardent Leisure Limited Group for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Ardent Leisure Group and Ardent Leisure Limited Group (the consolidated stapled entity) for the year ended 30 June 2013 included on Ardent Leisure Group and Ardent Leisure Limited Group's web site. The directors are responsible for the integrity of Ardent Leisure Group and Ardent Leisure Limited Group's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
21 August 2013

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Investor Analysis

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Top 20 Investors as at 30 August 2013

	Top 20 Investors as at 30 August 2013	No. of Securities	%
1	National Nominees Limited	63,375,073	15.65
2	JP Morgan Nominees Australia Limited	62,729,600	15.49
3	HSBC Custody Nominees (Australia) Limited	53,983,205	13.33
4	Citicorp Nominees Pty Limited	12,888,860	3.18
5	BNP Paribas Noms Pty Ltd	11,058,090	2.73
6	Aust Executor Trustees SA Ltd	10,237,055	2.53
7	Citicorp Nominees Pty Limited	7,562,898	1.87
8	AMP Life Limited	6,422,380	1.59
9	JP Morgan Nominees Australia Limited	5,270,648	1.30
10	Ragusa Pty Limited	4,636,660	1.14
11	Ragusa Pty Limited	3,939,754	0.97
12	CS Fourth Nominees Pty Ltd	3,655,551	0.90
13	RBC Investor Services Australia Nominees Pty Ltd	3,062,219	0.76
14	Balnaves Foundation Pty Ltd	1,960,019	0.48
15	HSBC Custody Nominees (Australia) Limited	1,759,850	0.43
16	Neweconomy Com Au Nominees Pty Limited	1,499,697	0.37
17	Ragusa Pty Ltd	1,412,675	0.35
18	BNP Paribas Noms (NZ) Ltd	1,395,453	0.35
19	UBS Wealth Management Australia Nominees Pty Ltd	1,262,918	0.31
20	Tendword Pty Ltd	1,170,000	0.29
Total		**259,282,605**	**64.02**
Balance of Register		145,711,815	35.98
Grand Total		**404,994,420**	**100.00**

Range Report as at 30 August 2013

Range	No. of Securities	%	No. of Holders	%
100,001 and over	296,596,854	73.23	181	1.86
10,001 to 100,000	85,919,025	21.22	3,326	34.17
5,001 to 10,000	14,141,016	3.49	1,870	19.21
1,001 to 5,000	7,664,948	1.89	2,627	26.98
1 to 1,000	672,577	0.17	1,731	17.78
Total	**404,994,420**	**100.00**	**9,735**	**100.00**

The total number of investors with an unmarketable parcel of 273 securities as at 30 August 2013 was 774.

Voting Rights

On a poll, each investor 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 Received as at 30 August 2013

Investor	No. of Securities	%
BT Investment Management Limited	30,749,267	7.73
National Australia Bank Limited	25,510,957	6.41
Eley Griffiths Group	25,225,363	6.34

Stapling Disclosure

The ASX reserves the right (but without limiting its absolute discretion) to remove the Company or the Trust or both from the official list if any of the shares and the units cease to be "stapled" together or any equity securities are issued by the Company or Trust which are not stapled to equivalent securities in the other entity.

10 Year Distribution History

Period ended	Distribution	Taxable amount		Tax deferred amount		CGT concession		DRP issue price	Period end unit price
History	Cents/unit	Cents/unit	%	Cents/unit	%	Cents/unit	%	$	$
Ardent Leisure Group [1]									
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**	**75.00**	**1.29887**	**12.18**	**1.37825**	**12.82**		
31-Dec-10	6.50							0.9872	1.015
30-Jun-11	5.00							1.2496	1.275
Year to 30 Jun 11	**11.50**	**7.31867**	**63.64**	**4.18133**	**36.36**	**—**	**—**		
31-Dec-11	6.50							1.0073	1.02
30-Jun-12	5.20							1.2373	1.28
Year to 30 Jun 12	**11.70**	**4.84820**	**41.44**	**6.85180**	**58.56**	**—**	**—**		
31-Dec-12	6.60							N/A	1.43
30-Jun-13	5.40							1.6841	1.72
Year to 30 Jun 13	**12.00**	**3.7555**	**31.30**	**8.2445**	**68.70**	**—**	**—**		

[1] Trust was restructured effective 1 July 2003 to form a stapled entity consisting of Macquarie Leisure Trust and Macquarie Leisure Operations Limited. Further details of the Group's distribution history can be found at www.ardentleisure.com.au.

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Investor Relations

Information relating to Ardent Leisure can be found at www.ardentleisure.com.au.

The website is a useful source of information about the Group and its 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 full price 1 Day entry admission tickets plus a 10% discount on merchandise, food and beverages for the investor and up to three companions

SkyPoint
50% discount per visit off the full price admission for the investor plus up to three companions

SkyPoint Climb
50% discount on full price climbs for the investor plus up to three companions

d'Albora Marinas
Free subscription to d'Albora's Docklines newsletter

AMF Bowling
Discounted rate of $9.00 per bowling game and shoe hire for the investor plus up to three companions

Kingpin Bowling
Discounted rate of $9.00 per bowling game and shoe hire for the investor plus up to three companions

M9 Laser Skirmish
Discounted rate of $9.00 per laser game and shoe hire for the investor plus up to three companions

Goodlife Health Clubs
No joining fee for the investor plus up to 20% discount off the All Clubs Saver membership rate

The investor benefits program does not have a material impact on the income of the Group. Note that the investor benefits offers are subject to change and the program terms and conditions.

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 2012/2013 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 2013 was $1.6841 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 Limited

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
1800 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 Financial Ombudsman Service Limited (FOS). FOS provides a free and independent dispute resolution service to our investors. FOS's contact details are below:

Financial Ombudsman Service Limited

GPO Box 3
Melbourne VIC 3001

Email
info@fos.org.au

Telephone
1300 780 808 (within Australia)

Facsimile
+61 3 9613 6399

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Corporate Directory

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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
Don Morris AO
Greg Shaw
George Venardos

Managing Director and Chief Executive Officer
Greg Shaw

Chief Financial Officer
Richard Johnson

Company Secretary
Alan Shedden

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Email
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Website
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ASX code
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Custodian
The Trust Company Limited
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Sydney NSW 2000

Auditor of the Group
PricewaterhouseCoopers
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Security registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

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680 George Street
Sydney NSW 2000

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+61 2 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.

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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 have 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 or 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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