Ardent Leisure Group Limited

Annual Financial Report
for the year ended 30 June 2020

The financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 26 August 2020. The Directors have the power to amend and reissue the financial report.

Message from the Chairman

Dear Shareholders,

I am pleased to present Ardent Leisure Group Limited's Annual Report for the year ended 30 June 2020.

The year presented Ardent with the unexpected challenge of responding to the COVID-19 pandemic. While we were very pleased to see strong progress and positive signs of recovery during the first half of the year at Main Event and Theme Parks, the onset of the pandemic in the second half has significantly impacted the Group. Following governmental restrictions on non-essential and mass gatherings, the Board made the difficult decision to temporarily close our Main Event centres in the United States and Dreamworld, Whitewater World and SkyPoint in Australia.

Cash preservation and refinancing became a priority resulting in the Board and management taking immediate steps to reduce spend across our businesses. All non-essential capital and operating expenditures ceased, discussions commenced with suppliers and landlords for payment relief or deferrals, covenant waivers were obtained from our lenders, directors waived their fees, and senior management voluntarily agreed to salary reductions. As a result of the closures a majority of our team members were temporarily furloughed while a small number of team members continued to work from our sites to perform essential tasks.

In June 2020 we announced a partnership between RedBird Capital Partners and Main Event Entertainment. The partnership comprises an initial investment by RedBird of US$80 million in exchange for a 24.2% interest in Main Event, with an option to acquire an additional 26.8% at a future date. This was a remarkable achievement during the challenging economic times and not only demonstrates the capabilities of the team at Main Event, but also the confidence that RedBird has in the future potential of the business.

The calibre and credentials of the RedBird team are impressive, and we look forward to working with them to accelerate the growth of Main Event and drive value for shareholders.

Turning to our Theme Parks business, we were pleased to announce in early August 2020 that we secured financial assistance from the Queensland Government under their COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020. The financial assistance package totals $69.9 million and comprises a secured loan which includes interest and fees, and a grant.

We are most grateful to the Queensland Government for their support and recognition of the important role that the theme park industry plays in the economic development of Queensland and the broader tourism industry in Australia. This financial assistance will enable us to re-open Dreamworld and Whitewater World and continue to employ (directly and indirectly) hundreds of people.

Immediately following the funding announcement, we set an opening date of 16 September 2020 for both Dreamworld and WhiteWater World and began to plan for the commencement of construction of our new world-class rollercoaster which will create over 200 local construction jobs.

The Coronial Inquest into the Dreamworld tragedy concluded with the Coroner's Report being handed down in February. Subsequently, Ardent has pleaded guilty to three charges brought against it under the workplace health and safety laws. The Coroner's Report does not mark the beginning of change at Dreamworld, but rather represents a very important milestone in a continuous improvement journey for safety at Dreamworld that remains ongoing. Work is well advanced with the implementation of the new government legislated Safety Case and licensing regime, with the transformation in Dreamworld's approach to safety management being led by the new Theme Parks leadership team. We reaffirm our commitment to learn from the tragedy and strive for safety standards reflecting global best practice in theme park operations.

Message from the Chairman

It is difficult to predict what the future holds for many businesses impacted by the COVID-19 pandemic. While it has presented us with challenges rarely experienced before, we have also used this time as an opportunity to examine our operations to ensure we can emerge as a stronger and more cost-effective business. With funding now in place for Main Event and Theme Parks, and with great management teams in both businesses, Ardent is well-positioned for future growth once market conditions begin to improve.

On behalf of the Board, I would like to thank our team members for their efforts this year. Their determination and resilience to respond to the COVID-19 pandemic is commendable and a testament to the leadership and culture that has been created within the Group.

Dr Gary Weiss AM
Chairman
Ardent Leisure Group Limited

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Directors' Report

The Directors of Ardent Leisure Group Limited (Company) present their report together with the consolidated financial report of the Company and its controlled entities (collectively, the Group) for the year ended 30 June 2020 (FY20).

Ardent Leisure Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are Level 8, 60 Miller Street, North Sydney NSW 2060.

1. Directors

The following persons have held office as Directors of the Company during the period and up to the date of this report unless otherwise stated:

Gary Weiss AM;
David Haslingden;
Randy Garfield;
Brad Richmond; and
Antonia Korsanos (resigned 30 June 2020).

2. Principal activities

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

3. Dividends and distributions

No dividend was paid or declared for the half year ended 31 December 2019 (25 December 2018: $Nil) or has been paid or declared for the year ended 30 June 2020 (25 June 2019: $Nil).

4. Operating and financial review

Overview

The Group's strategy is to focus primarily on leisure and entertainment segments within its geographical areas of operation with mass market appeal. During the year, two businesses contributed to the overall result: Main Event and Theme Parks.

Main Event partnership transaction

On 15 June 2020, the Group announced that it had entered into a partnership transaction with a US-based private investment firm, RedBird Capital Partners (RedBird) under which RedBird has invested US$80.0 million via preferred shares into Main Event's US parent entity, Ardent Leisure US Holding Inc (ALUSH), to acquire an initial 24.2% interest in Main Event. In conjunction with the transaction, RedBird has been granted an option to acquire additional equity in ALUSH which would enable it to move to a 51% controlling interest, exercisable between 30 June 2022 and 30 June 2024.

This transaction will enhance Main Event's liquidity and capacity to invest in future growth while also bringing additional expertise and opportunities to Main Event.

Theme Parks funding

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package is for a three-year term totalling $69.9 million comprising a secured loan of $66.9 million (which includes capitalised interest and fees) and a grant of $3.0 million which can be used to fund working capital and approved capital expenditure. The loan is mutually exclusive from the debt facility in place for the Group's US Main Event business.

Queensland Work Health and Safety prosecution

The Coronial Inquest into the Thunder River Rapids ride incident which occurred in October 2016 concluded in December 2018. The Coroner's findings and recommendations were handed down on 24 February 2020. The Coroner did not make any formal finding of guilt on the part of Ardent Leisure Limited (ALL) or any other person or entity and did not impose any pecuniary fine or penalty. In his Report, the Coroner referred the matter back to the Queensland Work Health and Safety Prosecutor to consider "*whether there is sufficient evidence to proceed to prosecution against ALL*".

On 21 July 2020 the Queensland Work Health and Safety Prosecutor filed three charges against a subsidiary of the Company, Ardent Leisure Limited (ALL), pursuant to section 32 of the *Work Health and Safety Act 2011 (Qld)* in relation to the Thunder River Rapids ride incident which occurred in October 2016. Each charge carries a maximum penalty of $1.5 million and ALL pleaded guilty to all three charges on 29 July 2020. The matter has been set down for sentencing on 28 September 2020.

4. Operating and financial review (continued)

Shareholder class action

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The claim has not been quantified by the plaintiff and is not fully particularised, therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any). The Company has indicated that it believes the proceedings to be without merit and it will vigorously defend them.

The Company maintains appropriate insurances to respond to litigation and regulatory action and the majority of associated costs.

Group results

The performance of the Group, as represented by the aggregated results of its operations for the period from 26 June 2019 to 30 June 2020 (371 days), was as follows:

26 June 2019 to 30 June 2020	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Segment revenue	**343,807**	**54,508**	**-**	**398,315**	**-**	**398,315**
Segment EBITDA	**55,268**	**(23,950)**	**(5,602)**	**25,716**	**4**	**25,720**
Depreciation and amortisation	(55,315)	(9,828)	(497)	(65,640)	-	**(65,640)**
Amortisation of lease assets	(28,282)	(96)	(124)	(28,502)	-	**(28,502)**
Segment EBIT	**(28,329)**	**(33,874)**	**(6,223)**	**(68,426)**	**4**	**(68,422)**
Borrowing costs				(27,614)	-	**(27,614)**
Lease liability interest expense				(36,568)	-	**(36,568)**
Interest benefit				680	-	**680**
Net loss before tax				**(131,928)**	**4**	**(131,924)**
Income tax expense				(4,701)	-	**(4,701)**
Net loss after tax				**(136,629)**	**4**	**(136,625)**
The segment EBITDA above has been impacted by the following specific items:						
Valuation loss on property, plant and equipment	-	(10,366)	-	(10,366)	-	**(10,366)**
Valuation gain on investment held at fair value	-	-	390	390	-	**390**
Impairment of property, plant and equipment and lease right-of-use assets	(2,015)	(5,041)	-	(7,056)	-	**(7,056)**
Early termination of leases	(2,758)	-	-	(2,758)	-	**(2,758)**
Pre-opening expenses	(4,175)	-	-	(4,175)	-	**(4,175)**
Dreamworld incident costs, net of insurance recoveries	-	2,827	-	2,827	-	**2,827**
Restructuring and other non-recurring items	(5,920)	(779)	(253)	(6,952)	-	**(6,952)**
Reduction in rent due to adoption of new lease accounting standard, AASB 16 *Leases*	48,258	107	128	48,493	-	**48,493**
Net gain/(loss) on disposal of assets	2,535	(2,942)	-	(407)	-	**(407)**
	35,925	**(16,194)**	**265**	**19,996**	**-**	**19,996**
The net loss after tax above has also been impacted by the following specific items:						
Incremental lease asset amortisation and lease interest expense on adoption of AASB 16 *Leases*	(64,837)	(101)	(132)	(65,070)	-	**(65,070)**
Tax impact of specific items listed above	6,072	4,889	(40)	10,921	-	**10,921**
Tax deductible temporary differences for which deferred tax asset derecognised	-	(9,823)	-	(9,823)	-	**(9,823)**
Tax losses for which deferred tax asset derecognised or not recognised	(7,951)	(2,639)	(17,186)	(27,776)	-	**(27,776)**
	(66,716)	**(7,674)**	**(17,358)**	**(91,748)**	**-**	**(91,748)**

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4. Operating and financial review (continued)

Group results (continued)

The performance of the Group, as represented by the aggregated results of its operations for the prior period from 27 June 2018 to 25 June 2019 (364 days), was as follows:

27 June 2018 to 25 June 2019	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
Segment revenue	**416,164**	**67,133**	**4**	**483,301**	**-**	**483,301**
Segment EBITDA	**47,278**	**(19,834)**	**(15,137)**	**12,307**	**(612)**	**11,695**
Depreciation and amortisation	(42,293)	(9,226)	(837)	(52,356)	-	**(52,356)**
Segment EBIT	**4,985**	**(29,060)**	**(15,974)**	**(40,049)**	**(612)**	**(40,661)**
Finance costs				(8,262)	-	**(8,262)**
Interest income				339	-	**339**
Net loss before tax				**(47,972)**	**(612)**	**(48,584)**
Income tax expense				(12,293)	-	**(12,293)**
Net loss after tax				**(60,265)**	**(612)**	**(60,877)**
The segment EBITDA above has been impacted by the following specific items:						
Impairment of property, plant and equipment	(17,567)	-	-	(17,567)	-	**(17,567)**
Pre-opening expenses	(2,791)	-	-	(2,791)	-	**(2,791)**
Dreamworld incident costs, net of insurance recoveries	-	(5,407)	-	(5,407)	-	**(5,407)**
Provision for onerous lease contract	(3,072)	-	-	(3,072)	-	**(3,072)**
Restructuring and other non-recurring items	(5,180)	(3,048)	(4,767)	(12,995)	-	**(12,995)**
Selling costs associated with discontinued operations	-	-	-	-	(612)	**(612)**
Net gain/(loss) on disposal of assets	1,695	(1,410)	(334)	(49)	-	**(49)**
	(26,915)	**(9,865)**	**(5,101)**	**(41,881)**	**(612)**	**(42,493)**
The net loss after tax above has also been impacted by the following specific items:						
Tax impact of specific items listed above	5,652	3,203	1,530	10,385	-	**10,385**
Tax impact of destapling and corporatisation	-	-	3,865	3,865	-	**3,865**
Tax losses for which deferred tax assets have been derecognised	-	-	(12,376)	(12,376)	-	**(12,376)**
Estimated tax payable in respect of prior years	-	-	(15,919)	(15,919)	-	**(15,919)**
	5,652	**3,203**	**(22,900)**	**(14,045)**	**-**	**(14,045)**

The Group reported a net loss after tax of $136.6 million for the year ended 30 June 2020 (comprising 53 weeks), compared to a net loss of $60.9 million in the prior year (comprising 52 weeks).

The current year has been significantly impacted by the COVID-19 pandemic which resulted in temporary closure of Main Event centres on 17 March 2020 and Theme Parks on 23 March 2020.

In addition to having an additional week in the current year and operational disruption due to COVID-19, the year on year comparison of the Group's results is also impacted by non-cash valuation and impairment losses on the Dreamworld and SkyPoint properties, impairment charges at several US entertainment centres, derecognition of deferred tax assets and the adoption of a new lease accounting standard AASB 16 *Leases*.

Under the new lease standard, a significant part of lease costs are now reported below EBITDA as "amortisation of lease assets" and "lease interest expense" and these costs are higher due to a different recognition profile compared to the previous lease accounting standard.

The current year also continued to be impacted by Dreamworld incident costs, with the Coronial Inquest findings being handed down in February 2020, as well as restructuring and other non-recurring items, some of which are directly attributable to COVID-19.

4. Operating and financial review (continued)

Group results (continued)

Total segment revenue of $398.3 million for the Group declined by $85.0 million compared to the prior year due to temporary closure of Main Event centres and Theme Parks in response to government imposed social distancing and other measures to stop the spread of COVID-19. This is partially offset by incremental revenue from new Main Event centres that opened in the year, as well as encouraging signs of recovery in Theme Park's attendance and revenue growth achieved prior to the emergence of COVID-19.

Total EBITDA increased by $14.0 million from $11.7 million in FY19 to $25.7 million in FY20 mainly due to a change in lease accounting standard, which resulted in approximately $48.5 million lower rent being reported as part of EBITDA in the current year. When including the rent expense to enable like-for-like comparison, total EBITDA declined by $34.5 million from $11.7 million in FY19 to a loss of $22.8 million in FY20, with performance of the businesses being impacted by:

- Reduced revenue and EBITDA due to COVID-19, with travel restrictions and business closures severely impacting trading performance. All Main Event centres and Theme Parks were closed from mid/late March 2020. Although Main Event has gradually reopened some locations, with 38 reopened as of 30 June 2020, the trading performances post reopening have been soft as consumers remain cautious of congregating in public places. Prior to COVID-19 being declared a pandemic, the Group reported revenue of $362.3 million and EBITDA of $68.2 million for the eight months ended 3 March 2020;
- $10.4 million valuation loss and $5.0 million impairment loss on property, plant and equipment in Theme Parks predominantly as a consequence of the impact of COVID-19 on trading performance and near term outlook. These include a $2.0 million valuation loss associated with a decommissioned ride in the first half;
- Non-cash impairments of property, plant and equipment and lease right-of-use assets in certain Main Event centres, amounting to $0.4 million and $1.6 million respectively in the current year, compared to $17.6 million of impairment of property, plant and equipment in the prior year. In addition, the current year was also impacted by $2.8 million costs associated with the early termination of Main Event's leases of the Pittsburgh and Indianapolis centres; whilst the prior year included a $3.1 million onerous lease expense associated with Pittsburgh centre;
- A $1.4 million increase in pre-opening expenses due to more Main Event centre openings in the current year;
- $0.4 million higher net losses on disposal of assets in the current year, partially offset by gain on sale of part of Dreamworld's excess land as well as $2.5 million gain on disposal of assets associated with the permanent closure of Main Event's Indianapolis centre;
- A $19.4 million increase in finance costs as a result of a larger debt facility and margins following the completion of the US debt refinancing in April 2019. The current year was also impacted by costs associated with a reduction in Main Event's Delayed Draw Term Loan Facility, covenant waivers and the RedBird transaction.

These were partly offset by:

- A $8.2 million decrease in costs relating to the Dreamworld incident, net of insurance recoveries, from an expense of $5.4 million in FY19 to an income of $2.8 million in FY20;
- A $6.0 million reduction in restructuring and other non-recurring items due to the Group being impacted by several one-off expenses as a result of restructuring activity in the prior year, including the destapling and corporatisation of the Group, consulting costs, employee related costs, as well as new site exploration costs incurred;
- The receipt of $6.0 million funds by the Australian business under the government support initiatives, primarily the Australian Federal Government's JobKeeper programme which was introduced to support employment for businesses significantly affected by COVID-19; and
- A $4.7 million tax expense in the current year compared to a $12.3 million tax expense in the prior year which includes the following:
  - A tax benefit of $32.9 million due to losses suffered in the current year; offset by
  - An expense of $37.6 million (2019: $12.4 million) in respect of Australian and US tax losses and Australian deductible temporary differences for which deferred tax assets have not been recognised or have been derecognised. The recoverability of these losses and temporary differences against future taxable income is not considered probable under AASB 112 *Income Taxes*.

  The prior year included a tax expense of $15.9 million in relation to further tax payable under a settlement with the Australian Taxation Office in respect of prior financial years.

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4. Operating and financial review (continued)

Main Event

The performance of Main Event, in US dollars, is summarised as follows:

	2020 US$'000	2019 US$'000	Change %
Total revenue	232,756	297,347	(21.7)
EBRITDA	**51,352**	**77,547**	**(33.8)**
Property costs	(13,716)	(43,400)	(68.4)
EBITDA	**37,636**	**34,147**	**10.2**
Depreciation and amortisation	(56,153)	(30,207)	85.9
EBIT	**(18,517)**	**3,940**	**(570.0)**

	Revenue 2020 US$'000	Revenue 2019 US$'000	Change %	EBRITDA 2020 US$'000	EBRITDA 2019 US$'000	Change %
Constant centres	198,014	261,419	(24.3)	79,720	120,627	(33.9)
Non-constant centres	20,740	27,705	(25.1)	7,366	11,030	(33.2)
New centres opened in FY20	8,531	-		3,579	-	
Centres closed in FY20	5,471	8,223	(33.5)	834	1,634	(49.0)
Corporate and regional office expenses/sales and marketing				(33,696)	(39,080)	(14.0)
Other specific items				(6,451)	(16,664)	(61.3)
Total	**232,756**	**297,347**	**(21.7)**	**51,352**	**77,547**	**(33.8)**

During the year, total US dollar revenue declined by 21.7% due to all Main Event centres being temporarily closed from 17 March 2020 due to COVID-19. Main Event has progressively reopened centres in May and June, with 38 centres reopened as at 30 June 2020. However, post reopening trading results have been soft as consumers remain cautious of the pandemic.

The full year results reflect the impact of COVID-19, partially offset by revenue growth in constant centres and contributions from newly opened centres during the pre-COVID-19 period, with Main Event reporting revenue and EBITDA of US$211.4 million and US$52.9 million, respectively for the eight months ended 3 March 2020.

Three centres were opened during the year, one of which was located in a new market at Baton Rouge, Louisiana. Pittsburgh and Indianapolis were permanently closed in January 2020 and June 2020 respectively due to underperformance of these centres. This brings the number of centres to 43 across 16 states as at 30 June 2020 (2019: 42 centres across 17 states). Pre-opening expenses of US$2.8 million has increased by US$0.8 million compared to prior year as a result of more centre openings in the current year.

Property costs have declined due to a change in lease accounting standard, under which most of the lease costs are now reflected below EBITDA in "amortisation of lease assets" and "lease interest expense" as compared to "property costs" in the prior year.

EBITDA in current and prior year continued to be impacted by non-recurring restructuring expenses and non-cash impairment charges. In addition, the current year result was impacted by costs associated with early termination of the Pittsburgh and Indianapolis leases while the prior year was impacted by an onerous lease provision associated with Pittsburgh centre. This is partially offset by gain on disposal of assets relating to the permanent closure of the Pittsburgh and Indianapolis sites.

Management will continue to monitor, on a market-by-market basis, the easing of Government-mandated shelter-in-place orders and will make the decision to re-open its remaining centres as soon as practicable ensuring the utmost safety of employees and guests.

In June 2020, the Group announced a partnership transaction under which US-based private investment firm, RedBird Capital Partners, has invested US$80.0 million into Main Event's US parent entity. Main Event has also obtained significant support from its lenders through a number of amendments to its Credit Agreement, including obtaining a waiver of its total net leverage covenant through to and covering the March 2021 quarter. These initiatives will significantly improve Main Event's liquidity, enabling it to recover from the impacts of COVID-19, enhance its financial flexibility and position the business for future growth.

4. Operating and financial review (continued)

Theme Parks

The performance of the Theme Parks is summarised as follows:

	2020 $'000	2019 $'000	Change %
Total revenue	54,508	67,133	(18.8)
EBRITDA	**(23,296)**	**(18,360)**	**26.9**
Property costs	(654)	(1,474)	(55.6)
EBITDA	**(23,950)**	**(19,834)**	**20.8**
Depreciation and amortisation	(9,924)	(19,942)	(50.2)
EBIT	**(33,874)**	**(39,776)**	**(14.8)**
Attendance	1,153,296	1,459,621	(21.0)
Per capita spend ($)	47.26	45.99	2.8

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint, reported trading revenue of $54.5 million for the year, down 18.8% on prior year due mainly to the impacts of COVID-19 and resultant closure of the businesses from 23 March 2020.

Prior to COVID-19 being declared a pandemic, Theme Parks reported revenue of $51.4 million and EBITDA loss of $5.0 million, respectively for the eight months ended 3 March 2020. During this period, total attendances had grown compared to prior corresponding period, despite the Theme Parks being impacted by adverse weather and the release of Coroner's Report on 24 February 2020.

The division recorded an EBITDA loss of $24.0 million, compared to an EBITDA loss of $19.8 million in the prior year. The decline is largely driven by reduced revenue as a result of COVID-19, non-cash valuation and impairment losses relating to the Dreamworld and SkyPoint properties, as well as losses on disposal and write off of assets during the year.

The COVID-19 impact was partially offset by the division benefitting from receipt of $5.9 million government support, primarily under the Australian Federal Government's JobKeeper subsidy. Dreamworld incident costs, net of insurance recoveries has also reduced by $8.2 million in the current year.

The current year includes $0.8 million of non-recurring costs due to COVID-19. The prior year was impacted by $3.0 million of non-recurring restructuring costs, which largely relates to consulting costs and employee related costs.

Strategic focus

The common theme across the Group's assets is the provision of leisure and entertainment experiences. However, each business has its own unique strategic position and objectives, and is at different stages of evolution with discrete opportunities for growth and unlocking value.

(i) Main Event

Main Event's strategic goal is to become a leading customer experience-driven leisure and entertainment brand in the US. This business has expanded its number of centres rapidly over the last few years and management is focused on ensuring there is the appropriate balance between growth of existing business as well as new centre development through a disciplined real estate selection process.

The spread of COVID-19 and resulting business closures has had a significant impact on the liquidity of the business and this slowed new centre developments in the second half of the year. However, the announced partnership transaction with US-based private investment firm, RedBird Capital Partners, which saw US$80.0 million invested into Main Event's US parent entity, will enhance the financial flexibility of Main Event and position the business for future growth.

The availability of quality sites in trade areas that the business wants to expand into, along with the long development process to construct a Main Event family entertainment centre, can cause variations in the number of centres opened in a given year. In conjunction with the business' new strategic partner, RedBird, management will continue to look at strategic growth opportunities in existing markets as well as new trade areas. Furthermore, the business will explore ground-up developments as well as second-generation retail opportunities, including mall locations.

(ii) Theme Parks

The key focus is on driving attendance back to historic levels through a combination of "smart" capital investment, an event pipeline, developing new and unique attractions and food, retail and events products all of which provide opportunities to promote and target revisitation. Investments will be targeted to drive visitation and will be economically responsible. This includes plans to install major new attractions at Dreamworld to increase visitations to the Theme Parks and drive average per capita spend.

Directors' Report

4. Operating and financial review (continued)

Strategic focus (continued)

(ii) Theme Parks (continued)

The wellbeing of Dreamworld's staff has also remained a key focus of management, with a number of wellness and support programs in place to assist individual team members with resilience and coping with challenging environments.

As previously communicated, the Group is committed to implementing all key recommendations arising from the Coronial Inquest.

The excess land that sits around the Dreamworld site is potentially of value. The park occupies just over 50% of the land that is owned and a process of determining the best use of this land is in progress. This may include a build out of tourist related adjacencies around the park itself. The plan may also involve an element of other commercial and residential uses.

5. Significant changes in the state of affairs

As noted in Section 4 above, in June 2020, the Group entered into a partnership transaction under which RedBird acquired a 24.2% interest in Main Event via an investment in preferred shares of Main Event's US parent, ALUSH. In conjunction with this transaction, RedBird was granted an option to increase its interest to 51%, exercisable between 30 June 2022 and 30 June 2024.

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

6. Interests in the Group

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

	2020	2019
Shares/securities on issue at the beginning of the year	479,706,016	471,344,533
Securities issued under Dividend/Distribution Reinvestment Plan	-	8,361,483
Shares on issue at the end of the year	**479,706,016**	**479,706,016**

7. Information on Directors

Gary Weiss AM
Chair

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 67

Dr Weiss is currently the Executive Director of Ariadne Australia Limited. He is Chairman of Ridley Corporation Limited and Estia Health Limited and a Non-Executive Director of Thorney Opportunities Limited and The Straits Trading Company Limited.

Dr Weiss was appointed a Member (AM) of the Order of Australia in 2019 and is also a Commissioner of the Australian Rugby League Commission.

He was formerly Chairman of ClearView Wealth Limited and Coats Plc, a former executive director of Whitlam, Turnbull & Co and Guinness Peat Group plc and sat on the board of Westfield Holdings Limited, Premier Investments Ltd, Pro-Pac Packaging Limited and a number of other public companies. Dr Weiss has also been involved in managing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Gary is Chair of the Safety & Risk Review Committee, Chair of the Dreamworld Committee and a member of the Audit & Risk Committee and Main Event Committee.

Former listed directorships in the last three years:
Tag Pacific Limited (from 1 October 1998 to 31 August 2017)
Pro-Pac Packaging Limited (from 28 May 2012 to 27 November 2017)
Premier Investments Limited (from 11 March 1994 to 28 July 2018)

Interest in shares:
45,344,317

David Haslingden
Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 59

David Haslingden brings to the Board considerable international business experience, particularly in North America and Europe.

David is a director and major shareholder of Blue Ant Media Inc, a Canadian company that owns and operates production companies and cable networks in Canada and around the world. He is also Chairman of the Australian Geographic Society.

Previously, David was Chairman and a non-executive director of Nine Entertainment Co. Holdings Limited, President and Chief Operating Officer of Fox Networks Group and Chief Executive of Fox International Channels. David holds a Bachelor of Arts and Bachelor of Laws from The University of Sydney and a Master of Law from the University of Cambridge.

David is Chair of the Remuneration & Nomination Committee and is a member of the Safety & Risk Review Committee and the Dreamworld Committee. He is also Chair of the Dreamworld Wildlife Foundation. David was appointed Lead Independent Director in May 2018.

Former listed directorships in the last three years:
None

Interest in shares:
523,980

Directors' Report

7. Information on Directors (continued)

Randy Garfield
Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 68

During his 50 year travel industry career, Mr Garfield spent over 30 years working in senior executive roles specialising in global marketing and sales, sponsorship development and sales operations.

As Executive Vice President of Worldwide Sales & Travel Operations at Walt Disney Parks & Resorts, he led the worldwide sales, convention services, resort contact centres and distribution marketing efforts for the Disneyland Resort, Walt Disney World Resort, Disneyland Paris, Hong Kong Disneyland Resort, Shanghai Disney Resort, Disney Cruise Line, Disney Vacation Club, Adventures by Disney, Aulani-a Disney Resort & Spa in Hawaii and Golden Oak. Throughout his 20+ year Disney career, he also served as President of Walt Disney Travel Company, one of the largest tour operators in the USA.

Prior to joining Disney, Randy also served as Vice President of Sales for Universal Studios Hollywood starting in 1986 where he helped generate record attendance and trail blazed the launch of Universal Studios Florida by crafting their pre-opening sales plan. He moved to Orlando in summer 1989 as Executive Vice President of Marketing and Sales/Chief Marketing Officer and led the business through its pre-opening launch and for the following three years during which he also served in a key role on the team which formulated the expansion plan including a second theme park as well as hotels and a massive retail, dining and entertainment complex.

Randy's current directorships include Rocky Mountaineer, US Travel Association and Destination Canada.

Previous board roles include the US Travel Association (Chairman), Brand USA, Visit California, Visit Florida and Visit Orlando where he served as the longest tenured Chair. Randy is an inductee into the US Travel Hall of Leaders, and has been recognised three times as one of the most extraordinary sales and marketing minds by Hospitality Sales & Marketing Association International.

Randy is a member of the Safety & Risk Review Committee, Dreamworld Committee and Main Event Committee.

Former listed directorships in the last three years:
None

Interest in shares:
30,000

Brad Richmond
Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 61

Brad is a Certified Public Accountant with 37 years' experience in finance, operations and strategic planning in the full-service restaurant industry in North America. Brad recently held the position of Senior Vice President and Chief Financial Officer of Darden Restaurants Inc., the world's largest full-service restaurant company operating multiple brands including Olive Garden, LongHorn Steakhouse, Season's 52, The Capital Grille, Eddie V's, Yard House and Bahama Breeze. Prior to this position, Brad held a number of other roles at Darden including Senior Vice President and Corporate Controller and Senior Vice President, Brand Financial Leader at various Darden brands.

Before joining Darden, Brad was a senior auditor with Price Waterhouse & Co.

Brad holds a Bachelor of Sciences/Bachelor of Arts degree from the University of Missouri.

Brad is Chair of the Main Event Committee, a member of the Remuneration & Nomination Committee and a member of the Audit & Risk Committee.

Former listed directorships in the last three years:
None

Interest in shares:
310,000

7. Information on Directors (continued)

Antonia Korsanos
Former Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018 (resigned 30 June 2020)

Age: 51

Antonia has more than 20 years' senior executive experience in financial and general management, strategy, mergers and acquisitions, communications, technology and risk management. Antonia was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. Prior to working at Aristocrat, Antonia held a number of finance and business development positions at Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Antonia has a Bachelor of Economics (Accounting & Finance) from Macquarie University and is a member of Chartered Accountants Australia and New Zealand. Antonia is also a member of Chief Executive Women and a non-executive director of Crown Resorts Limited, Webjet Limited and Treasury Wine Estates Limited.

Antonia is Chair of the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee.

Former listed directorships in the last three years:
None

Interest in shares:
Nil

8. Company Secretary

The Group's Company Secretary is Bronwyn Weir. Prior to being appointed Company Secretary, Bronwyn was the Assistant Company Secretary for the Group from 21 November 2014. Before joining the Group, Bronwyn was Assistant Company Secretary at the Royal Australasian College of Physicians.

Bronwyn holds a Bachelor of Commerce and Graduate Certificate in Commercial Law from Deakin University and a Certificate in Governance Practice and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

9. Meetings of Directors

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

	Full meetings of Directors		Meetings of Committees: Audit and Risk		Remuneration & Nomination		Safety & Risk Review	
	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]
Gary Weiss AM	20	20	4	4	**	**	4	4
David Haslingden	20	20	**	**	2	2	4	4
Randy Garfield	20	20	**	**	**	**	4	4
Brad Richmond	20	20	4	4	2	2	**	**
Antonia Korsanos	20	19	4	4	2	2	**	**

(1) Eligible to attend.
(2) Attended.
** Not a member of the relevant committee.

Directors' Report

10. Remuneration report

Introduction from the Chair of the Remuneration & Nomination Committee

The Directors of Ardent Leisure Group Limited present shareholders with the FY20 Remuneration Report. This report outlines the Group's approach to remuneration for its Directors and Executive Key Management Personnel (KMP) for FY20.

FY20 has been an extraordinary year which has challenged all of us like never before. Ardent started the year with optimism. We began to see positive signs of solid recovery in both businesses and were looking forward to building on that momentum. The onset of COVID-19 in March has caused significant disruption not only for our businesses, but the travel, tourism, family entertainment and theme parks industries more broadly.

On 17 March 2020, the Board made the difficult decision to close all Main Event Entertainment centres in the United States and shortly thereafter to close Dreamworld, Whitewater World and SkyPoint in Australia.

Following the closure of Main Event and our Theme Park businesses, the Board and management's priority quickly turned to cash preservation. Regrettably, this meant that most of our team members, more than 4,000 across both businesses, were temporarily stood down. During this time concerted efforts were made to support team members by offering flexible leave entitlement options and access to counselling services. Communication during this time was critical and regular updates and information was provided to all team members. For our Australian employees, the Company was eligible to access the Federal Government's JobKeeper wage subsidy scheme.

As part of the Group's cash management and cost control measures associated with the need to close our venues due to the COVID-19 pandemic, the Directors agreed to waive their fees from April 2020 until 30 June 2020. Salary reductions were taken across the broader employee base, including Executive KMP and several of their direct reports.

There are no planned increases to Non-Executive Directors fees or Executive KMP remuneration for FY21.

Remuneration outcomes for FY20

The Board acknowledge that determining the remuneration outcomes for Executive KMP for FY20 is difficult. There is a need to balance many factors such as the expectations of shareholders, the financial performance of the Company prior to COVID-19 and upon reopening (in the case of Main Event), and the achievement of non-financial targets for employee engagement, customer satisfaction and safety.

In recognition of the performance of Main Event prior to closure and the time and effort involved in securing the RedBird partnership, the Board have agreed to bonus payments to each of Mr Morris and Mr Harper.

In terms of long term incentive outcomes, as outlined in last year's Remuneration Report, the Company has introduced a one-time, cash-based long term incentive plan for its Executive KMP and other key team members. This plan was specifically designed to drive performance over the longer term and will only vest five years from the 2019 grant date. The challenges we have faced through the COVID-19 crisis will of course make the value accretion required to trigger awards harder to achieve.

Board and Committee changes

On 15 June 2020, the Board announced a new partnership with RedBird Capital Partners for Main Event Entertainment. As a result of this investment, we have welcomed two new directors, Andrew Lauch and Dan Swift, to the board of the Group's US-based subsidiary company, Ardent Leisure US Holding Inc (ALUSH). We look forward to working with Andrew and Dan and the broader team at RedBird to leverage their skills and expertise and continue to build Main Event to be a premier family and social entertainment brand in the United States.

In June 2020 Ms Korsanos retired as a Non-Executive Director. With the newly constituted ALUSH board which comprises Gary Weiss, Brad Richmond, Andrew Lauck, Dan Swift and Chris Morris, the Board does not intend to appoint any new directors for the time being.

Further, with the new ALUSH board and highly experienced leadership team now in place at Theme Parks, the Board agreed there is no longer a need for the Main Event and Dreamworld Committees.

Looking towards the future

The impact of the COVID-19 pandemic on our businesses has been and will continue to be very significant, and we recognise the economic, social and workplace consequences are likely to be felt for many years to come.

Looking ahead to FY21, there remains great uncertainty regarding the COVID-19 pandemic; how it will end and over what timeframe. The Board remains cognisant of the need to ensure the remuneration mix for Executive KMP is appropriate to the current environment and will endeavour to set realistic incentive targets which reflect this uncertainty.

On behalf of the Board, I'd like to thank our team members for their hard work and commitment during this challenging time. Many have made considerable sacrifices and all have demonstrated admirable resilience. The Board has no doubt that they will continue to do so through FY21 and are enormously grateful for and appreciative of their efforts.

The Board is confident that we can emerge from this pandemic a stronger and more efficient organisation that will continue to provide our team members with a safe working environment and our guests with safe and memorable family entertainment experiences.

David Haslingden
Chair, Remuneration & Nomination Committee

10. Remuneration report (continued)

The remuneration report for the Group for the year ended 30 June 2020 is set out as follows:

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

(a) Who is covered by this report

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. For the year ended 30 June 2020, the KMP for the Group comprise the following:

Position	Name	Primary location of employment
Executive KMP		
President and CEO – Main Event	Chris Morris	US-based
Group Chief Financial Officer	Darin Harper	US-based
CEO – Theme Parks	John Osborne	Australian-based
Non-Executive Directors		
Chairman	Gary Weiss AM	Australian-based
Lead Independent director	David Haslingden	Australian-based
Independent director	Randy Garfield	US-based
Independent director	Brad Richmond	US-based
Independent director	Antonia Korsanos (resigned 30 June 2020)	Australian-based

(i) Changes to KMP effective after the end of the reporting period

Ms Korsanos resigned from the Board effective 30 June 2020. There were no other changes to KMP after the end of the reporting period.

Directors' Report

10. Remuneration report (continued)

(b) Remuneration governance

The Remuneration & Nomination Committee's purpose is to review, evaluate and make recommendations to the Board in relation to, the following key remuneration areas:

- Remuneration policies for remuneration programs appropriate to the Group;
- The remuneration framework for Directors and executives;
- Review of the performance of KMP to pre-determined criteria on an annual basis;
- Recruitment, retention and termination policies and procedures for executives;
- The appointment of any remuneration consultants providing advice to the Group on the scale and components of remuneration packages of KMP; and
- Reporting on executive remuneration.

Ernst & Young did not provide any remuneration recommendations in relation to any of the above services during the year.

(c) Remuneration framework

(i) Remuneration structure

The executive remuneration framework in place during the year ended 30 June 2020 has three components:

Annual base salary	
KMP and executives receive a mix of cash salary, employer superannuation contributions (Australian employees only) and other non-financial benefits	Total fixed remuneration (TFR) reflects the executive's role, duties and responsibilities, their level of performance and the complexities of their role and divisions. Base salaries are reviewed annually to ensure that pay is competitive with the external market. No Executive KMP is entitled to a guaranteed pay increase.
Short term incentive	
One-year performance period award paid in cash for individual and division performance	The STI is an annual performance bonus set against financial and personal key performance indicators (KPIs).
Long term incentive	
One-time cash award for long term performance of the divisions	The LTI for Executive KMP is a one-time cash reward granted in 2019 and linked to the future appreciation in the enterprise value of Main Event or Dreamworld, over and above a threshold amount and is designed to drive profitable business growth and deliver strong return on capital invested. Vesting occurs on a pro-rata basis over a period of five years for Main Event and four years for Theme Parks.

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(ii) Remuneration mix – FY20

<table>
<tr><th>Executive KMP</th><th>Annual base salary</th><th>STI</th><th>LTI opportunity</th></tr>
<tr><td>Chris Morris
President and CEO – Main Event</td><td>US$600,000</td><td>Target 100% of TFR
Stretch 200% of TFR
Weighted:
100% financial KPIs</td><td rowspan="3">The LTI opportunity for Executive KMP is a one-time grant, subject to the achievement of appreciation in the Enterprise Value of Main Event or Dreamworld (as applicable to the Executive KMP) over the threshold amount with payment on the occurrence of a future realisation event. Further details on the LTI opportunity can be found in Section 10(c)(iii).

LTI award percentages are as follows:

Chris Morris 2.00%
Darin Harper 0.75%
John Osborne 2.00%

Mr Harper remains a participant in the Group's legacy equity LTIP Plan however no further grants have been made to Mr Harper under this plan since 2017.</td></tr>
<tr><td>Darin Harper
Group CFO</td><td>US$420,000

As part of his base salary above, Mr Harper receives a payment of US$5,000 per month for performing the role of Group CFO</td><td>Cash
Target 50% of TFR
Stretch 100% of TFR
Weighted:
100% financial KPIs</td></tr>
<tr><td>John Osborne
CEO Theme Parks</td><td>$550,000
(incl. super)</td><td>Target 100% of TFR
Weighted:
70% financial KPIs
30% personal KPIs</td></tr>
</table>

Due to the significant impact of COVID-19 on their respective businesses, and in an effort to preserve liquidity during these challenging and uncertain times, all executive KMP agreed to voluntary salary reductions of between 40%-60% which came into effect from April 2020.

Amendments to Theme Parks CEO arrangements

Mr Osborne assumed responsibility for the Group Corporate Office function at the start of FY20 and as a result, the Board have increased his TFR to $550,000. Further, while no STI award was given to Mr Osborne in FY19, the Board awarded Mr Osborne in FY20 a one-off equity grant equal to $100,000 in recognition of the progress made with the Theme Parks turnaround plan and the significant cost reductions, improved attendance and excellent guest satisfaction scores achieved prior to the closure of the parks in late March 2020 due to COVID-19.

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Directors' Report

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(ii) Remuneration mix – FY20 (continued)

Short-term incentive

Who can participate?	Executive KMP are able to participate in the STI; however, participation and payment of any STI remain at the Board's discretion.
When is the STI paid?	If performance is sufficient, STI awards are payable in cash following the release of the Group's audited annual financial results.
What performance measures are used?	Key performance indicators are split into financial and personal measure categories. The actual split for each participant may vary and is generally more weighted to the financial KPI. Financial KPIs are linked to earnings and revenue targets including, but not limited to, EBITDA and constant centre sales (Main Event). Personal KPIs are not financial in nature and are set to support execution of improvements and initiatives in such functions as health and safety, employee and guest engagement, compliance, business development and strategic initiatives.

(iii) Long term incentive arrangements

The material terms of the long term incentive arrangements for Main Event and Theme Parks are set out in the respective plan documents and apply to all grants made, including those to Mr Morris and Mr Osborne.

Details in relation to the LTI Plan are outlined below:

What is the LTI Plan?	The LTI Plan is an incentive plan designed to attract, motivate and retain key employees. It provides employees with a one-time grant in 2019 to earn a cash incentive based on the future appreciation in the Enterprise Value of Main Event or Dreamworld, as the case may be, above the Threshold Hurdle.
What is the Threshold Hurdle?	The Threshold Hurdle is the cumulative and annually compounded application of the Hurdle Rate to a grant date valuation of Main Event and Dreamworld.
What is the Hurdle Rate?	8.0% per annum.
How does the LTI Plan drive performance?	The plan is designed to align key employees' incentive structure with shareholders by encouraging and promoting desired behaviours that focus on creating sustainable value over the long term.
Who can participate in the LTI Plan?	Employees of Main Event and Dreamworld who are determined to be instrumental in driving the long term growth of the business are eligible for participate at the discretion of management and the Board. Each employee is granted an LTI award percentage with a total LTI pool cap of 7.5% and 6.0% for Main Event and Dreamworld respectively.
How is the LTI Plan delivered?	The LTI award is delivered in cash.
What are the vesting conditions?	The vested entitlement for the Main Event LTI Plan accumulates over a period of five years, in four annual increments of 25% commencing from the second anniversary of grant date. The vested entitlement for the Theme Parks LTI Plan accumulates evenly over a period of four years. LTI awards will immediately vest in full upon the occurrence of a Realisation Event.
What is a Realisation Event?	A Realisation Event broadly refers to the earlier of: (a) an acquisition of more than 75% of Main Event or Dreamworld as the case may be; or (b) the IPO of Dreamworld; or (c) the seventh anniversary of LTI award grant date of Main Event or Dreamworld as the case may be.

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(iii) Long term incentive arrangements (continued)

New Long Term Incentive Plan (LTI Plan) (continued)

What are the payment conditions?	The LTI award is paid out as follows: If the participant remains employed, vested portion of the LTI award will be paid out upon a change of control, an IPO (Dreamworld) or seventh anniversary of the LTI award grant date (Main Event and Dreamworld).
What happens if an employee leaves?	In the event of a participant's employment being terminated as a result of an Approved Separation, the participant shall be eligible to receive a pro-rata portion of the LTI award representing the amount that has vested at the time of separation. An 'Approved Separation' means a participant's termination of employment with Main Event for any reason other than for cause. A resignation by an employee is not an Approved Separation. In the case of the Dreamworld plan, if an employee leaves and the Realisation Event occurs more than two years after an Approved Separation, all awards will lapse without payment.

(d) Remuneration outcomes for executives

This section sets out the actual remuneration outcomes realised by Executive KMP and the statutory remuneration disclosures for FY20 and FY19.

(i) STI outcomes in respect of FY20 performance

In respect of FY20 and FY19 performance, the percentage of STI that was awarded to the executives and the percentage that was forfeited are set out below. Actual payments are made to individuals following the release of audited results.

Name	Financial year	STI awarded	STI forfeited	STI outcome
Chris Morris	FY20	33%	66%	US$200,000
	FY19	28%	72%	US$167,700
Darin Harper	FY20	29%	71%	US$60,000
	FY19	28%	72%	US$58,695
John Osborne	FY20	0%	100%	-
	FY19	0%	100%	-

Amounts included in the table are different to the cash bonuses presented in Section 10(d)(v) below, which reflects cash amounts received in the year in respect of prior years' performance.

During the year, the Board awarded to John Osborne a one-off grant of $100,000 of shares in Ardent Leisure Group Limited, based on the share price as at the close of trading on 1 July 2019, in recognition of the progress made with the Theme Parks turnaround plan and the significant cost reductions, improved attendance and excellent guest satisfaction scores achieved to prior to the closure of the parks in late March 2020 due to COVID-19.

In recognition of the performance of Main Event prior to closure, the Board have awarded discretionary payments of US$200,000 to Mr Morris and US$60,000 to Mr Harper. Furthermore, in recognition of the time and effort involved in finalising the RedBird partnership, the Board have agreed to pay a transaction bonus of US$125,000 to each of Mr Morris and Mr Harper.

(ii) Legacy equity LTI Plan

As stated above, performance rights granted under the Group's previous equity LTI plan that are due to vest in August 2020 have been tested against their gateway and performance hurdles.

The gateway and performance hurdles for the tranches issued in FY16, FY17 and FY18 were not achieved and therefore none of the LTI performance rights have vested.

Directors' Report

10. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

(iii) Severance payments Executive KMP

There were no severance payments to Executive KMP in the year.

(iv) Actual remuneration outcomes

The table below sets out the total realised pay (take home pay) in respect of the years ended 30 June 2020 and 25 June 2019. The deferred equity and LTIP vested elements of realised pay relate to both the individual and the Group's performance up to 30 June 2020. The information below is different to the information in Section 10(d)(v) below, which includes the accounting value of equity expensed in the year, rather than the actual benefit received as shown in the table below:

			STI on an accrued basis				
Name	Financial year	Base salary (incl super)	Cash	Deferred equity vested[(1)]	LTIP vested [(1)]	Equity grant	Total realised pay in respect of the financial year
Chris Morris[(4)]	FY20	US$520,385	US$325,000	-	-	-	US$845,385
	FY19	US$600,000	US$167,700	-	-	-	US$767,700
Darin Harper[(4)]	FY20	US$367,385	US$185,000	-	-	-	US$552,385
	FY19	US$439,761	US$58,695	US$48,204	-	-	US$546,660
John Osborne[(2)(3)]	FY20	$497,463	-	-	-	$100,000	$597,463
	FY19	$331,412	-	-	-	-	$331,412

(1) The vesting of deferred equity and LTIP performance rights into fully paid shares/securities reflects previous performance of executives and of the Group up to 30 June 2020. Shares to be issued in respect of the financial year are valued at $0.39 per share, representing the closing price at 30 June 2020 (2019: $1.00 per security, representing the closing price at 25 June 2019). Amounts expressed in US dollars are converted from Australian dollars at an exchange rate of 0.6863 representing the closing rate at 30 June 2020 (2019: 0.6958, representing the closing rate at 25 June 2019).

(2) Commenced employment and became KMP on 5 November 2018.

(3) During the year, the Board awarded to John Osborne a one-off grant of $100,000 of shares in Ardent Leisure Group Limited, based on the share price as at the close of trading on 1 July 2019.

(4) In recognition of the performance of Main Event prior to closure, the Board have awarded discretionary payments of US$200,000 to Mr Morris and US$60,000 to Mr Harper. Furthermore, in recognition of the time and effort involved in finalising the RedBird partnership, the Board have agreed to pay a transaction bonus of US$125,000 to each of Mr Morris and Mr Harper.

10. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

(v) Details of remuneration – Executive Key Management Personnel

Details of the remuneration of Executive KMP of the Group for FY20 are set out in the table below. The table sets out the total cash benefits paid to the executives in the relevant period and, under the heading "Equity-based payments", shows a component of the fair value of the performance rights. The fair value of the performance rights is recognised over the vesting period as an employee benefit expense.

		Short term benefits			Post-employment benefits					
		Salary $	Cash bonus $	Annual leave (1) $	Super-annuation $	Termin-ation payment $	Total remuneration excl. equity based payments $	Equity-based payments $	Total remuner-ation $	Equity-based payment % of total
Chris Morris (2)(3)(4)	FY20	774,315	249,532	13,736	-	-	1,037,583	-	1,037,583	-
CEO – Main Event	FY19	837,098	313,912	573	-	-	1,151,583	-	1,151,583	-
Darin Harper (2)(4)	FY20	546,656	87,336	2,747	-	-	636,739	26,033	662,772	3.93%
Group Chief Financial Officer	FY19	613,539	161,058	2,405	-	-	777,002	107,091	884,093	12.11%
John Osborne (5)(6)	FY20	476,460	-	9,497	21,003	-	506,960	100,000	606,960	16.48%
CEO – Theme Parks	FY19	316,013	-	22,465	15,399	-	353,877	-	353,877	-
Craig Davidson (7)	FY20	-	-	-	-	-	-	467	467	100%
Former CEO – Theme Parks	FY19	-	-	1,639	5,133	88,067	94,839	(47,479)	47,360	-
	FY20	**1,797,431**	**336,868**	**25,980**	**21,003**	**-**	**2,181,282**	**126,500**	**2,307,782**	**5.48%**
	FY19	**1,766,650**	**474,970**	**27,082**	**20,532**	**88,067**	**2,377,301**	**59,612**	**2,436,913**	**2.45%**

(1) Annual leave amounts represent the increase/(decrease) in the liability for accumulated annual leave during the year.
(2) Remuneration is converted from US dollars to Australian dollars at the average exchange rate of 0.6721 (2019: 0.7168) and includes both cash settled and equity settled awards.
(3) FY19 cash bonus includes a US$225,000 deferred sign-on bonus paid on 30 June 2019.
(4) FY19 cash bonus received in respect of FY18 performance of Main Event prior to Mr Harper's appointment as Group Chief Financial Officer and him becoming KMP of the Group.
(5) Commenced employment and became KMP on 5 November 2018.
(6) During the year, the Board awarded to John Osborne a one-off grant of $100,000 of shares in Ardent Leisure Group Limited, based on the share price as at the close of trading on 1 July 2019.
(7) FY19 termination payment amounts comprise a retention payment of $100,000 and payment on exit of the Group of $165,067, of which an estimate of $177,000 was disclosed as part of FY18 remuneration and $88,067 was disclosed as part of FY19 remuneration.

Cash bonus payments included in the table above reflects amounts received in the current year for prior performance periods and do not include bonus payments in respect of FY20 performance which are included in Section 10(d)(i) and 10(d)(iv) above.

Equity-based payments included in the table above reflects the amounts in the Income Statements of the Group. For performance rights issued to executives, the 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. 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 executive compensation would be decreased by $37,352 to ($10,853) (2019: decreased by $59,868 to ($256)).

Directors' Report

10. Remuneration report (continued)

(e) Service agreements of Key Management Personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

Executive	Term	Termination
Chris Morris President and CEO – Main Event	No fixed term.	Employment shall continue with the Group unless the executive gives the Group 90 days' notice in writing. The Group may terminate Mr Morris' employment at any time, subject to a requirement to provide 30 days' notice where the Group intends to terminate Mr Morris' employment for certain 'cause' reasons. In certain circumstances, on termination of employment, Mr Morris is entitled to continued payment of total fixed remuneration for 12 months plus any owed but unpaid incentive amounts.
Darin Harper Group Chief Financial Officer	No fixed term.	Employment shall continue as Group Chief Financial Officer with the Group unless either party provides notice in writing.
John Osborne CEO – Theme Parks	No fixed term.	Employment shall continue with the Group unless the executive gives the Group 90 days' notice in writing. The Group may terminate Mr Osborne's employment at any time, subject to a requirement to provide 30 days' notice where the Group intends to terminate Mr Osborne's employment for certain 'cause' reasons. In certain circumstances, on termination of employment, Mr Osborne is entitled to continued payment of total fixed remuneration for 12 months plus any owed but unpaid incentive amounts.

Other than as set out above, there are no contracted termination benefits payable to any KMP.

(f) Non-Executive Director fees

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 & Nomination Committee.

Non-Executive Directors are paid solely by the way of Directors' fees and Non-Executive Directors do not participate in equity nor cash-based incentive 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 total aggregate level of Directors' fees payable by the Group is $1,200,000 per annum and there is no proposal to increase the aggregate fee cap in FY21.

Board fees payable to Non-Executive Directors are as follows:

Position		Non-Executive Director fees
Board Chair		$205,000
Other Non-Executive Director	- Australian-based	$120,000
	- US-based	$136,000
Audit and Risk Committee	- Chair	$20,000
	- Member	$15,000
Other Committee	- Chair	$12,500
	- Member	$7,500
Dreamworld Committee	- Chair	$12,500
	- Member	$7,500
Main Event Committee	- Chair	$12,500
	- Member	$7,500

10. Remuneration report (continued)

(f) Non-Executive Director fees (continued)

Details of the actual fees delivered to Non-Executive Directors of the Company for FY20 and FY19 are set out below:

		Salary $	Superannuation $	Total $
Gary Weiss AM	FY20	172,945	16,430	189,375
	FY19	192,161	18,255	210,416
David Haslingden	FY20	101,027	9,598	110,625
	FY19	134,703	12,797	147,500
Randy Garfield	FY20	116,812	2,063	118,875
	FY19	157,886	2,788	160,674
Brad Richmond	FY20	127,137	1,113	128,250
	FY19	167,361	1,465	168,826
Antonia Korsanos	FY20	101,027	9,598	110,625
	FY19	132,718	12,608	145,326
Don Morris AO	FY20	n/a	n/a	n/a
	FY19	104,725	9,949	114,674
Roger Davis	FY20	n/a	n/a	n/a
	FY19	17,570	1,669	19,239
	FY20	**618,948**	**38,802**	**657,750**
	FY19	**907,124**	**59,531**	**966,655**

Due to the significant impact of COVID-19, and in an effort to preserve liquidity during this challenging and uncertain time, all Non-Executive Directors agreed to voluntarily waive their Director fees from April 2020 to 30 June 2020.

(g) Additional statutory disclosures

(i) Directors' interests in shares/securities

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

	Opening balance	On joining the Group	Acquired	Disposed	Closing balance
Gary Weiss AM	70,549,826	-	-	(25,205,509)[(1)]	45,344,317
David Haslingden	331,673	-	192,307	-	523,980
Brad Richmond	310,000	-	-	-	310,000
Randy Garfield	-	-	30,000	-	30,000
	71,191,499	**-**	**222,307**	**(25,205,509)**	**46,208,297**

(1) Disposal relates to the ceased association with Viburnum Funds Pty Ltd. Refer to Notice of Change of Interests of Substantial Holder lodged with the ASX on 15 November 2019.

(ii) Minimum share holdings

Non-Executive Directors are expected to hold the minimum value of shareholdings within four years of appointment and thereafter increase holdings over their tenure; specifically, the minimum values are equivalent to the Chairman base fee and Non-Executive Director base fee.

(iii) Other KMP interests in shares/securities

Changes to the interests of other KMP in shares/securities during the period are set out below:

	Opening balance	Acquired	Disposed	Closing balance
Darin Harper	69,279	69,279	-	138,558
John Osborne	-	92,593	-	92,593
	69,279	**161,872**	**-**	**231,151**

Directors' Report

10. Remuneration report (continued)

(g) Additional statutory disclosures (continued)

(iv) Valuation inputs

For performance rights outstanding at 30 June 2020, the tables below show 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. Under AASB 2 *Share Based Payment*, this valuation is used to value the performance rights granted to employees at 30 June 2020:

DSTI grant	**2018**	**2019**
Grant date	24 June 2019	22 August 2019
Vesting date – year 1	29 August 2019	31 August 2020
Vesting date – year 2	31 August 2020	31 August 2021
Average risk-free rate	1.50% per annum	0.74% per annum
Expected price volatility	32.0% per annum	33.0% per annum
Expected distribution yield	2.5% per annum	2.0% per annum
Security/share price at grant date	$1.03	$1.18
Valuation per performance right on issue	$0.98	$1.14

LTIP grant	**2016**	**2017**	**2018**
Grant date	23 August 2016	29 September 2017	27 June 2019
Vesting date – year 2	24 August 2018	29 August 2019	31 August 2020
Vesting date – year 3	29 August 2019	31 August 2020	31 August 2021
Vesting date – year 4	31 August 2020	31 August 2021	31 August 2022
Average risk-free rate	1.40% per annum	2.00% per annum	1.00% per annum
Expected price volatility	40.0% per annum	42.0% per annum	32.0% per annum
Expected distribution yield	5.0% per annum	1.6% per annum	2.0% per annum
Security price at grant date	$2.50	$1.82	$1.08
Valuation per performance right on issue			
US employees	$1.51	$0.65	$nil
Australian employees	$1.51	$0.19	$nil

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.

(v) Details of equity grant movements

The table below sets out the number of performance rights that were granted, lapsed and vested during the financial year and that are yet to vest:

		Year granted	Tranche	Financial years in which performance rights may vest Year	Number	Value of performance rights at grant $	Number lapsed	Value of performance rights at lapse $	Number vested	Value of performance rights at vesting $	Maximum value yet to vest $
Current Executive											
Equity settled											
Darin Harper	LTIP	2017	T1	2020	35,677	20,925	35,677	34,250	-	-	-
			T2	2021	35,677	26,458	-	-	-	-	26,458
			T3	2022	35,678	30,308	-	-	-	-	30,308
	DSTI	2017	T2	2020	69,279	121,896	-	-	69,279	66,508	-
	Total				**176,311**	**199,587**	**35,677**	**34,250**	**69,279**	**66,508**	**56,766**
Former Executives											
Craig Davidson	LTIP	2015	T3	2020	16,741	16,776	16,741	17,160	-	-	-
		2016	T2	2020	15,314	21,178	15,314	15,697	-	-	-
			T3	2021	15,314	15,798	-	-	-	-	15,798
		2017	T1	2020	36,948	-	36,948	37,872	-	-	-
			T2	2021	36,949	9,163	-	-	-	-	9,163
			T3	2022	36,949	15,701	-	-	-	-	15,701
	Total				**158,215**	**78,616**	**69,003**	**70,729**	**-**	**-**	**40,662**

10. Remuneration report (continued)

(g) Additional statutory disclosures (continued)

(v) Details of equity grant movements (continued)

		Year granted	Tranche	Financial years in which performance rights may vest Year	Number	Value of performance rights at grant $	Number lapsed	Value of performance rights at lapse $	Number vested	Value of performance rights at vesting $	Maximum value yet to vest $
Richard	LTIP	2015	T3	2020	65,994	66,133	65,994	67,644	-	-	-
Johnson		2016	T2	2020	32,719	45,247	32,719	33,537	-	-	-
			T3	2021	32,719	33,753	-	-	-	-	33,753
	Total				**131,432**	**145,133**	**98,713**	**101,181**	**-**	**-**	**33,753**
Total					**465,958**	**423,336**	**203,393**	**206,160**	**69,279**	**66,508**	**131,181**

(vi) LTIP performance rights

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

	Opening balance	Granted as compensation	Exercised	Lapsed	Closing balance	Vested and exercisable	Unvested
Darin Harper	107,032	-	-	(35,677)	71,355	-	71,355
Craig Davidson	158,215	-	-	(69,003)	89,212	-	89,212
Richard Johnson	131,432	-	-	(98,713)	32,719	-	32,719
Equity settled	**396,679**	**-**	**-**	**(203,393)**	**193,286**	**-**	**193,286**

(vii) DSTI rights

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

	Opening balance	Granted as compensation	Exercised	Forfeited	Closing balance	Vested and exercisable	Unvested
Darin Harper	69,279	-	(69,279)	-	-	-	-
Equity settled	**69,279**	**-**	**(69,279)**	**-**	**-**	**-**	**-**

(viii) Loans and other transactions with KMP

There were no loans made to KMP during the financial year, as disclosed in Note 36(e) to the financial statements. Refer to Note 36(f) to the financial statements for details of other transactions with KMP during the financial year.

11. Non-audit services

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

Details of the amounts paid to the auditor (Ernst & Young) for audit and non-audit services provided during the year are disclosed in Note 34 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.

Directors' Report

11. Non-audit services (continued)

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 34 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

12. Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 26.

13. Events occurring after reporting date

On 21 July 2020, the Queensland Work Health and Safety Prosecutor filed three charges against a subsidiary of the Company, ALL, pursuant to section 32 of the *Work Health and Safety Act 2011 (Qld)* in relation to the Thunder River Rapids ride incident which occurred in October 2016. Each charge carries a maximum penalty of $1.5 million and ALL pleaded guilty to all three charges on 29 July 2020. The matter has been set down for sentencing on 28 September 2020.

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package is for a three-year term totalling $69.9 million comprising a secured loan of $66.9 million (which includes capitalised interest and fees) and a grant of $3.0 million which can be used to fund working capital and approved capital expenditure. The loan is mutually exclusive from the debt facility in place for the Group's US Main Event business.

Since the end of the financial year, the Directors of the Company are not aware of any matters or circumstances 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 2020.

14. Likely developments and expected results of operations

The threats posed by the outbreak and rapid spread of the COVID-19 pandemic have been far reaching, with most countries imposing severe travel restrictions and social distancing measures. For Ardent, the economic impact has been significant, with Main Event closing its centres on 17 March 2020 and Dreamworld and SkyPoint closing their sites approximately one week later.

There is uncertainty regarding the severity and duration of the virus and associated trading, travel and social distancing restrictions. Refer to Note 1(f) for further details on how this has impacted the Group's going concern assessment.

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

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

15. Indemnification and insurance of officers and auditor

Under the Company's Constitution, the Company indemnifies:

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

During the reporting period, the Company 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 the Company. Disclosure of the premiums paid for the insurance policy is prohibited under the terms of the insurance policy.

16. Environmental regulations

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

(a) Theme Parks – Australia

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

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

Dreamworld's Life Sciences department is subject to the *Biosecurity Act 2015* (Cth) and maintains an exhibition permit under the *Exhibited Animals Act 2015* (Qld). All licences and permits remain current and Dreamworld has complied fully with the requirements of each.

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

(b) Main Event – 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.

A prerequisite for any building permit for new centre construction is compliance with city and State planning and zoning requirements. A building permit, depending on locality, may require soils reports, site line studies, storm water and irrigation regulation compliance, asbestos testing etc. In addition a certificate of occupancy or equivalent certification is issued upon completion of construction and may require refuse and grease storage permits, health and food safety permits, and compliance with Occupational Safety and Health Administration (OSHA) regulations prior to issuance.

With respect to operating activities at Main Event, the OSHA requires that Safety Data Sheets (SDS) be available to all employees for explaining potentially harmful chemical substances handled in the workplace under the hazard communication regulation. The SDS 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.

17. Rounding of amounts to the nearest thousand dollars

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

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

Gary Weiss AM	**Brad Richmond**
Chairman	*Director*

Sydney
26 August 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Ardent Leisure Group Limited

As lead auditor for the audit of Ardent Leisure Group Limited for the financial year ended 30 June 2020, I declare 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 Limited, and the entities it controlled during the financial year.

Ernst + Young

Ernst & Young

John Robinson
Partner
26 August 2020

Income Statement
for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income			
Revenue from operating activities	3	398,315	483,301
Valuation gain - investment held at fair value		390	-
Interest income		680	339
Other income	4	11,154	9,199
Total income		**410,539**	**492,839**
Expenses			
Purchases of finished goods		55,680	67,086
Salary and employee benefits		179,816	198,552
Finance costs	6	64,182	8,262
Property expenses		20,496	62,792
Depreciation and amortisation		94,142	52,356
Loss on disposal of assets		407	2,070
Advertising and promotions		23,852	24,137
Repairs and maintenance		27,427	30,478
Pre-opening expenses		4,175	2,791
Impairment of property, plant and equipment		5,436	17,567
Impairment of right-of-use assets		1,620	-
Valuation loss - property, plant and equipment		10,366	-
Dreamworld incident costs		2,097	12,486
Net loss from derivative financial instruments		38	1,376
Other expenses	5	52,733	60,858
Total expenses		**542,467**	**540,811**
Loss before tax expense		**(131,928)**	**(47,972)**
Income tax expense	7(b)	4,701	12,293
Loss from continuing operations		**(136,629)**	**(60,265)**
Profit/(loss) from discontinued operations		4	(612)
Loss for the year		**(136,625)**	**(60,877)**
Attributable to:			
Ordinary share/security holders		**(136,625)**	**(60,877)**

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

	Note	2020	2019
Total basic losses per share (cents)	9	(28.48)	(12.74)
Basic losses per share (cents) from continuing operations	9	(28.48)	(12.61)
Total diluted losses per share (cents)	9	(28.48)	(12.74)
Diluted losses per share (cents) from continuing operations	9	(28.48)	(12.61)

Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Loss for the year		(136,625)	(60,877)
Other comprehensive income/(loss) for the year			
Items that may be reclassified to profit and loss:			
Foreign exchange translation difference	20	4,738	17,501
Items that will not be reclassified to profit and loss:			
Loss on revaluation of property, plant and equipment	20	(2,141)	-
Other comprehensive income for the year, net of tax		**2,597**	**17,501**
Total comprehensive loss for the year, net of tax		**(134,028)**	**(43,376)**
Attributable to:			
Ordinary shareholders		(134,028)	(43,376)
Total comprehensive loss for the year, net of tax		**(134,028)**	**(43,376)**
Total comprehensive loss for the year, net of tax attributable to share/security holders, arises from:			
Continuing operations		(134,032)	(42,764)
Discontinued operations		4	(612)
Total comprehensive loss for the year, net of tax		**(134,028)**	**(43,376)**

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

Balance Sheet
as at 30 June 2020

	Note	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	8(c)	161,617	92,332
Receivables	11	4,760	12,524
Derivative financial instruments	24	-	13
Inventories	12	7,858	7,782
Construction in progress inventories	13(a)	11,877	578
Other	14	3,154	8,427
Total current assets		**189,266**	**121,656**
Non-current assets			
Property, plant and equipment	16	473,805	478,641
Right-of-use assets	23(d)	327,058	-
Investment held at fair value	30	3,201	2,811
Derivative financial instruments	24	29	177
Livestock		204	220
Intangible assets	17	80,098	78,973
Deferred tax assets	7(f)	4,185	22,845
Total non-current assets		**888,580**	**583,667**
Total assets		**1,077,846**	**705,323**
Current liabilities			
Payables	15	63,699	69,195
Construction in progress deposits	13(b)	11,413	-
Derivative financial instruments	24	609	-
Interest bearing liabilities	22	28,903	1,796
Current tax liabilities		1,065	6,415
Provisions	31(b)	2,061	1,512
Other		1,781	4,294
Total current liabilities		**109,531**	**83,212**
Non-current liabilities			
Payables	15	-	37,603
Derivative financial instruments	24	1,931	505
Interest bearing liabilities	22	662,253	167,633
Provisions	31(b)	3,101	5,962
Non-current tax liabilities		10,629	10,000
Deferred tax liabilities	7(h)	453	15,306
Total non-current liabilities		**678,367**	**237,009**
Total liabilities		**787,898**	**320,221**
Net assets		**289,948**	**385,102**
Equity			
Contributed equity	18	777,124	777,124
Other equity	19	-	(148)
Reserves	20	(89,505)	(92,039)
Accumulated losses	21	(436,861)	(299,835)
Total equity		250,758	385,102
Minority interest	22(c)	39,190	-
Total equity		**289,948**	**385,102**

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

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Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Contributed equity $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Minority interest $'000	Total equity $'000
Total equity at 27 June 2018		666,731	(1,405)	(14,246)	(206,962)	-	444,118
Impact of change in accounting standard, AASB 15	21	-	-	-	(1,401)	-	(1,401)
Total restated equity at 27 June 2018		666,731	(1,405)	(14,246)	(208,363)	-	442,717
Loss for the year		-	-	-	(60,877)	-	(60,877)
Other comprehensive income for the year		-	-	17,501	-	-	17,501
Total comprehensive income/(loss) for the year		**-**	**-**	**17,501**	**(60,877)**	**-**	**(43,376)**
Transactions with owners in their capacity as owners:							
Equity-based payments	20	-	-	(1,203)	-	-	(1,203)
Contributions of equity, net of issue costs	18	16,302	-	-	-	-	16,302
Acquisition of treasury shares	19	-	(25)	-	-	-	(25)
Issuance of treasury shares	19	-	1,282	-	-	-	1,282
Distributions paid and payable	21	-	-	-	(30,595)	-	(30,595)
Impact of corporate restructure	18,20	94,091	-	(94,091)	-	-	-
Total equity at 25 June 2019		**777,124**	**(148)**	**(92,039)**	**(299,835)**	**-**	**385,102**
Impact of change in accounting standard, AASB 16	21,23(a)	-	-	-	(352)	-	(352)
Total restated equity at 25 June 2019		777,124	(148)	(92,039)	(300,187)	-	384,750
Loss for the year		-	-	-	(136,625)	-	(136,625)
Other comprehensive income for the year		-	-	2,597	-	-	2,597
Total comprehensive income/(loss) for the year		**-**	**-**	**2,597**	**(136,625)**	**-**	**(134,028)**
Transactions with owners in their capacity as owners:							
Equity-based payments	20	-	-	(112)	-	-	(112)
Issuance of treasury shares	19	-	285	-	-	-	285
Acquisition of treasury shares	19	-	(137)	-	-	-	(137)
Issuance of RedBird preferred shares	22(c)	-	-	-	-	39,190	39,190
Transfer from reserve	21	-	-	49	(49)	-	-
Total equity at 30 June 2020		**777,124**	**-**	**(89,505)**	**(436,861)**	**39,190**	**289,948**

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

Statement of Cash Flows
for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		447,260	537,785
Payments to suppliers and employees		(380,546)	(448,047)
Property expenses paid		(20,472)	(59,729)
Early termination of forward rate contracts		267	-
Interest received		680	339
Government grants received		4,035	-
Payments for construction in progress inventories		(20,882)	(11,345)
Deposits received for construction in progress		20,771	7,154
US withholding tax paid		-	(305)
Insurance recoveries		7,607	7,492
Income tax paid		(6,002)	(847)
Net cash flows from operating activities	8(a)	**52,718**	**32,497**
Cash flows from investing activities			
Payments for property, plant and equipment		(79,447)	(68,298)
Payments for intangible assets		(6,491)	(7,797)
Proceeds from sale of plant and equipment		1,446	159
Proceeds from sale of land and buildings		2,500	-
Proceeds from the sale of Bowling & Entertainment, net of cash disposed		-	2,665
Insurance recoveries relating to damaged assets		-	2,021
Net cash flows used in investing activities		**(81,992)**	**(71,250)**
Cash flows from financing activities			
Proceeds from loans		87,095	869,563
Repayments of loans		(23,794)	(721,161)
Proceeds from issuance of RedBird preferred shares, net of transaction costs	22(c)	99,900	-
Payment of principal portion of lease liabilities		(12,049)	-
Lease interest paid		(28,676)	-
Loan interest paid		(23,384)	(18,700)
Acquisition of treasury shares		(137)	-
Costs of issue of shares		-	(30)
Distributions paid to shareholders		-	(14,263)
Net cash flows from financing activities		**98,955**	**115,409**
Net increase in cash and cash equivalents		69,681	76,656
Cash and cash equivalents at the beginning of the year		92,332	16,548
Effect of exchange rate changes on cash and cash equivalents		(396)	(872)
Cash and cash equivalents at the end of the year		**161,617**	**92,332**

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

Notes to the Financial Statements
for the year ended 30 June 2020

1. Basis of preparation

Ardent Leisure Group Limited is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

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

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2020 are set out in the accompanying notes. These policies have been consistently applied to the years presented, unless otherwise stated.

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

(a) 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, investments held at fair value and derivative financial instruments held at fair value.

(b) 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.

(c) Principles of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

Inter-entity transactions, balances and unrealised gains on transactions between Group entities 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.

(d) Foreign currency translation

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 presentation currency.

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.

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 2020, the spot rate used was A$1.00 = US$0.6863 (2019: A$1.00 = US$0.6958) and A$1.00 = NZ$1.0703 (2019: A$1.00 = NZ$1.0482). The average spot rate during the year ended 30 June 2020 was A$1.00 = US$0.6721 (2019: A$1.00 = US$0.7147) and A$1.00 = NZ$1.0565 (2019: A$1.00 = NZ$1.0630).

(e) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies. Other than the estimation of fair values described in Notes 16, 17, 24, 26, 30, 31and 35 and assumptions related to deferred tax assets and liabilities, impairment testing of goodwill, valuations for some property, plant and equipment and determination of lease periods and incremental borrowing rates, 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.

1. Basis of preparation (continued)

(f) Going concern

The impact of COVID-19 on Ardent's cashflows has been significant. With the Main Event and Theme Parks businesses closed from 17 March 2020 and 23 March 2020 respectively, funding has been limited for much of the closure period to cash on hand with minimal income being received and relatively high levels of cash utilisation. Management of both businesses have worked hard to preserve liquidity, standing down the majority of employees with reduced or no pay, aggressively eliminating all discretionary expenditure (both operating and capital) and actively engaging with local, state and federal governments and external advisors to identify additional sources of funding and/or financial support.

On 15 June 2020, the Group announced that it had entered into a partnership transaction in respect of the Main Event business, under which a US-based private investment firm, RedBird Capital Partners (RedBird) has invested US$80.0 million in preferred shares of Main Event's US parent entity. This transaction will provide liquidity for Main Event to recover from the impact of COVID-19 and capacity to invest in future growth. Funds invested by RedBird will be used exclusively to support Main Event.

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package is for a three-year term totalling $69.9 million comprising a secured loan of $66.9 million (which includes capitalised interest and fees) and a grant of $3.0 million which can be used to fund working capital and approved capital expenditure. The loan is mutually exclusive from the debt facility in place for the Group's US Main Event business.

There remains continuing uncertainty regarding the severity and duration of the COVID-19 virus and associated trading, travel and social distancing restrictions. There is also uncertainty regarding customers' propensity to return to the businesses when these restrictions are lifted. Notwithstanding, management's forecasts, together with available cash reserves and borrowing facilities, continue to support the going concern assumption.

(g) New accounting standards, amendments and interpretations not yet adopted by the Group

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 2020 but which the Group has not yet adopted. The Group's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The Group will conduct a detailed assessment of the amendments and the impact, if any, on its hedging portfolio.

Definition of Material - Amendments to AASB 1 and AASB 8

In October 2018, the AASB issued amendments to AASB 1 *Presentation of Financial Statements* and AASB 8 *Operating Segments* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments will require the Group to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date.

Notes to the Financial Statements
for the year ended 30 June 2020

1. Basis of preparation (continued)

(h) New and amended standards adopted by the Group

The new or amended accounting standards and interpretations which became effective for the reporting period commencing on 26 June 2019 are set out below:

- AASB 16 *Leases* and relevant amending standards;
- AASB Interpretation 23 *Uncertainty Over Income Tax Treatment with Customers* and relevant amending standards;
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*; and
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*.

Except as disclosed in Note 23, the adoption of new and amended standards and interpretations has not resulted in a material change to the financial performance or position of the Company.

(i) Rounding

The Group has relied on the relief provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 Instrument, unless otherwise indicated.

2. Segment information

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.

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), property, plant and equipment, lease right-of-use assets 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, divisional EBITDA and divisional EBIT.

Business segments

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

(i) Main Event

This segment operates solely in the United States of America and comprises 43 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Tennessee, Maryland, Delaware, Colorado and Louisiana.

(ii) Theme Parks

This segment comprises Dreamworld and WhiteWater World in Coomera, Queensland and the SkyPoint observation deck and climb in Surfers Paradise, Queensland.

(iii) Bowling & Entertainment

This segment was sold in FY18 on 30 April 2018.

(iv) Marinas

This segment was sold in FY18 on 14 August 2017.

(v) Health Clubs

This segment was sold in FY17 on 25 October 2016.

2. Segment information (continued)

26 June 2019 to 30 June 2020

	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Bowling & Entertainment $'000	Marinas $'000	Health Clubs $'000	Discontinued operations $'000	Total $'000
Segment revenue	**343,807**	**54,508**	**-**	**398,315**	**-**	**-**	**-**	**-**	**398,315**
Segment EBITDA	**55,268**	**(23,950)**	**(5,602)**	**25,716**	**18**	**-**	**(14)**	**4**	**25,720**
Depreciation and amortisation	(55,315)	(9,828)	(497)	(65,640)	-	-	-	-	(65,640)
Amortisation of lease assets	(28,282)	(96)	(124)	(28,502)	-	-	-	-	(28,502)
Segment EBIT	**(28,329)**	**(33,874)**	**(6,223)**	**(68,426)**	**18**	**-**	**(14)**	**4**	**(68,422)**
Borrowing costs				(27,614)				-	(27,614)
Lease liability interest expense				(36,568)				-	(36,568)
Interest benefit				680				-	680
Net loss before tax				**(131,928)**				**4**	**(131,924)**
Income tax expense				(4,701)				-	(4,701)
Net loss after tax				**(136,629)**				**4**	**(136,625)**
The segment EBITDA above has been impacted by the following specific items:									
Valuation loss on property, plant and equipment	-	(10,366)	-	(10,366)	-	-	-	-	(10,366)
Valuation gain on investment held at fair value	-	-	390	390	-	-	-	-	390
Impairment of property, plant and equipment and lease right-of-use assets	(2,015)	(5,041)	-	(7,056)	-	-	-	-	(7,056)
Early termination of leases	(2,758)	-	-	(2,758)	-	-	-	-	(2,758)
Pre-opening expenses	(4,175)	-	-	(4,175)	-	-	-	-	(4,175)
Dreamworld incident costs, net of insurance recoveries	-	2,827	-	2,827	-	-	-	-	2,827
Restructuring and other non-recurring items	(5,920)	(779)	(253)	(6,952)	-	-	-	-	(6,952)
Reduction in rent due to adoption of new lease accounting standard AASB 16 *Leases*	48,258	107	128	48,493	-	-	-	-	48,493
Net gain/(loss) on disposal of assets	2,535	(2,942)	-	(407)	-	-	-	-	(407)
	35,925	**(16,194)**	**265**	**19,996**	**-**	**-**	**-**	**-**	**19,996**
The net loss after tax above has also been impacted by the following specific items:									
Incremental lease asset amortisation and lease interest expense on adoption of AASB 16 *Leases*	(64,837)	(101)	(132)	(65,070)	-	-	-	-	(65,070)
Tax impact of specific items listed above	6,072	4,889	(40)	10,921	-	-	-	-	10,921
Tax deductible temporary differences for which deferred tax asset derecognised	-	(9,823)	-	(9,823)	-	-	-	-	(9,823)
Tax losses for which deferred tax asset derecognised or not recognised	(7,951)	(2,639)	(17,186)	(27,776)	-	-	-	-	(27,776)
	(66,716)	**(7,674)**	**(17,358)**	**(91,748)**	**-**	**-**	**-**	**-**	**(91,748)**
Total assets	909,724	123,000	45,122	1,077,846	-	-	-	-	1,077,846
Acquisitions of property, plant and equipment and intangible assets	58,545	22,824	5	81,374	-	-	-	-	81,374

2. Segment information (continued)

27 June 2018 to 25 June 2019

	Main Event $'000	Theme Parks $'000	Corporate $'000	Continuing operations $'000	Bowling & Entertainment $'000	Marinas $'000	Health Clubs $'000	Discontinued operations $'000	Total $'000
Segment revenue	**416,164**	**67,133**	**4**	**483,301**	**-**	**-**	**-**	**-**	**483,301**
Segment EBITDA	**47,278**	**(19,834)**	**(15,137)**	**12,307**	**(528)**	**(7)**	**(77)**	**(612)**	**11,695**
Depreciation and amortisation	(42,293)	(9,226)	(837)	(52,356)	-	-	-	-	(52,356)
Segment EBIT	**4,985**	**(29,060)**	**(15,974)**	**(40,049)**	**(528)**	**(7)**	**(77)**	**(612)**	**(40,661)**
Finance costs				(8,262)				-	(8,262)
Interest income				339				-	339
Net loss before tax				**(47,972)**				**(612)**	**(48,584)**
Income tax expense				(12,293)				-	(12,293)
Net loss after tax				**(60,265)**				**(612)**	**(60,877)**
The segment EBITDA above has been impacted by the following specific items:									
Impairment of property, plant and equipment	(17,567)	-	-	(17,567)	-	-	-	-	(17,567)
Pre-opening expenses	(2,791)	-	-	(2,791)	-	-	-	-	(2,791)
Dreamworld incident costs, net of insurance recoveries	-	(5,407)	-	(5,407)	-	-	-	-	(5,407)
Provision for onerous lease contract	(3,072)	-	-	(3,072)	-	-	-	-	(3,072)
Restructuring and other non-recurring items	(5,180)	(3,048)	(4,767)	(12,995)	-	-	-	-	(12,995)
Selling costs associated with discontinued operations	-	-	-	-	(528)	(7)	(77)	(612)	(612)
Net gain/(loss) on disposal of assets	1,695	(1,410)	(334)	(49)	-	-	-	-	(49)
	(26,915)	**(9,865)**	**(5,101)**	**(41,881)**	**(528)**	**(7)**	**(77)**	**(612)**	**(42,493)**
The net loss after tax above has also been impacted by the following specific items:									
Tax impact of specific items listed above	5,652	3,203	1,530	10,385	-	-	-	-	10,385
Impact of destapling and corporatisation of the Group	-	-	3,865	3,865	-	-	-	-	3,865
Tax losses for which deferred tax asset derecognised	-	-	(12,376)	(12,376)	-	-	-	-	(12,376)
Estimated tax payable in respect of prior periods	-	-	(15,919)	(15,919)	-	-	-	-	(15,919)
	5,652	**3,203**	**(22,900)**	**(14,045)**	**-**	**-**	**-**	**-**	**(14,045)**
Total assets	472,104	146,857	86,362	705,323	-	-	-	-	705,323
Acquisitions of property, plant and equipment and intangible assets	48,031	29,033	9	77,073	-	-	-	-	77,073

Notes to the Financial Statements
for the year ended 30 June 2020

3. Revenue from operating activities

Revenue by type	2020 $'000	2019 $'000
Revenue from services	247,943	303,957
Revenue from sale of goods	150,372	179,340
Other revenue	-	4
Revenue from operating activities	**398,315**	**483,301**

Revenue by geographical market	2020 $'000	2019 $'000
Australia	54,508	67,137
United States	343,807	416,164
	398,315	**483,301**

(a) Accounting policy

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Rendering of services

Revenue from rendering of services is recognised when performance obligations to the customers have been satisfied.

In the case of Theme Parks, the performance obligation is satisfied by the provision of entry to Dreamworld, WhiteWater World and SkyPoint during the validity period of the entry pass/ticket.

Revenue relating to theme park annual/season passes is recognised on a straight-line basis over the period that the pass allows access to the parks. The closure of the parks during the current year due to COVID-19 resulted in pass holders being unable to access the parks from 23 March 2020. Accordingly, pass revenue has not been recognised during the closure period and will be recognised over the remaining validity period of the passes post reopening.

In the case of Main Event, the performance obligation is satisfied by provision of a bowling, amusement or other game/activity which has been paid for by a customer.

Sale of goods

Revenue from sale of goods including merchandise and food and beverage items is recognised when control of the goods has passed to the buyer, generally on delivery of the goods at the time of sale.

(b) Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of year is as follows:

	2020 $'000	2019 $'000
Within one year	16,761	21,744
More than one year	43	78
	16,804	**21,822**

Set out below is the amount of revenue recognised from:

	2020 $'000	2019 $'000
Amounts included in deferred revenue at the beginning of the year	11,273	10,783
Performance obligations recognised in previous years	-	-

4. Other income

	2020 $'000	2019 $'000
Government subsidies & grants	5,997	-
Insurance recoveries	5,157	9,199
	11,154	**9,199**

(a) Accounting policy

Government subsidies and grants are recognised where there is reasonable assurance that the subsidy or grant will be received, and all attached conditions will be complied with. When the subsidy or grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy or grant relates to an asset, it reduces the carrying amount of the asset. The subsidy or grant is then recognised in profit and loss over the useful life of the depreciable asset by way of a reduced depreciable charge.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Insurance recoveries income is recognised when receipt of proceeds is considered virtually certain.

5. Other expenses

	2020 $'000	2019 $'000
Audit fees	931	688
Consulting fees	2,096	4,777
Consumables	2,154	2,737
Electricity	9,650	12,345
Insurance	7,545	5,600
Legal fees	1,124	1,831
Merchant fees	8,268	7,817
Printing, stationery and postage	1,727	2,463
Taxation fees	103	546
Telecommunications	3,641	3,517
Travel costs	2,177	3,882
Other administrative costs	4,132	3,979
Destapling costs	403	3,878
Other	8,782	6,798
	52,733	**60,858**

Notes to the Financial Statements
for the year ended 30 June 2020

6. Finance costs

	2020 $'000	2019 $'000
Interest on loans	26,506	8,262
Interest on leases	36,568	-
Interest on tax liabilities	629	-
Preferred dividends payable	479	-
	64,182	**8,262**

(a) Accounting policy

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

Finance costs include interest on short term and long term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, the interest expense on lease liabilities and preferred dividends payable by a subsidiary where the underlying preferred shares are classified as debt under AASB 132 *Financial Instruments*.

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

The capitalisation rate used to determine the amount of finance 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 nil per annum (2019: 4.08% per annum) for Australian dollar debt and nil per annum (2019: Nil per annum) for US dollar debt.

7. Taxation

(a) Income tax (benefit)/expense

	Note	2020 $'000	2019 $'000
Current tax		(104)	17,122
Deferred tax		4,313	(5,137)
Over provided in prior year		492	308
		4,701	**12,293**
Income tax expense is attributable to:			
Loss from continuing operations		4,701	12,293
Profit from discontinued operations		-	-
		4,701	**12,293**
Deferred income tax benefit included in income tax expense/(benefit) comprises:			
Increase in deferred tax assets	7(f)	(9,222)	(1,079)
Decrease/(increase) in deferred tax liabilities	7(h)	13,535	(4,058)
		4,313	**(5,137)**

7. Taxation (continued)

(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax benefit

	2020 $'000	2019 $'000
Loss from continuing operations before income tax benefit	(131,928)	(47,972)
Profit/(loss) from discontinued operations before income tax benefit	4	(612)
Prima facie loss	**(131,924)**	**(48,584)**
Tax at the Australian tax rate of 30% (2019: 30%)	(39,577)	(14,575)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	55	85
Non-deductible depreciation and amortisation	-	386
Sundry items	832	(802)
Employee benefits	28	(54)
Tax deductible temporary differences for which deferred tax asset derecognised	9,823	-
Tax losses for which deferred tax asset derecognised or not recognised	27,776	12,376
Restructuring costs	-	303
Impact of destapling and corporatisation	-	(3,355)
Foreign exchange conversion differences	232	33
US State taxes	(4,009)	197
Withholding tax	-	401
Research and development and other credits	(708)	(18)
Difference in overseas tax rates	9,757	1,089
Estimated tax payable in respect of prior periods	-	15,919
Over provided in prior year	492	308
Income tax expense	**4,701**	**12,293**

(c) Income tax benefit relating to items of other comprehensive income

	Note	2020 $'000	2019 $'000
Unrealised loss on property, plant and equipment recognised in the asset revaluation reserve	20	(918)	-
		(918)	**-**

(d) Unrecognised temporary differences

	2020 $'000	2019 $'000
Australian deductible temporary differences for which no deferred tax asset has been recognised:		
Property, plant and equipment	32,744	-
Total temporary differences	**32,744**	**-**
Potential Australian tax benefit at 30%	**9,823**	**-**

(e) Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation and entered into tax sharing and tax funding agreements with the entities in the tax consolidated group. The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ardent Leisure Group Limited.

Notes to the Financial Statements
for the year ended 30 June 2020

7. Taxation (continued)

(e) Tax consolidation legislation (continued)

Under the tax funding agreement, the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company 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 non-current inter-entity payables.

(f) Deferred tax assets

	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Allowance for expected credit losses - trade receivables	14	7
Employee benefits	2,286	2,535
Provisions and accruals	10,724	2,763
Property, plant and equipment	-	3,228
Inventory diminution	147	180
Deferred revenue	2,295	2,517
Lease incentives	-	7,252
Lease liabilities	89,891	-
Tax losses	25,298	28,044
Other	298	296
Deferred tax assets	**130,953**	**46,822**
Set-off of deferred tax balances pursuant to set-off provisions		
Australia	(113)	526
United States	(126,655)	(24,503)
Net deferred tax assets	**4,185**	**22,845**
Movements		
Balance at the beginning of the year	46,822	44,329
Adjustment for new lease accounting standard, AASB 16 *Leases*	74,238	-
Restated opening balance	**121,060**	**-**
Foreign exchange differences	(247)	1,414
Credited to asset revaluation reserve (refer to Note 20)	918	-
Credited to the Income Statement (refer to Note 7(a))	9,222	1,079
Balance at the end of the year	**130,953**	**46,822**
Deferred tax assets to be recovered within 12 months	4,113	5,460
Deferred tax assets to be recovered after more than 12 months	126,840	41,362
	130,953	**46,822**

(g) Tax losses

	2020 $'000	2019 $'000
Unused Australian capital tax losses for which no deferred tax asset has been recognised	-	9,261
Unused US revenue tax losses for which no deferred tax asset has been recognised	37,862	-
Unused Australian revenue tax losses for which no deferred tax asset has been recognised	66,083	-
Total losses	**103,945**	**9,261**
Potential US tax benefit at 21%	7,951	-
Potential Australian tax benefit at 30%	19,825	2,778
Potential tax benefit	**27,776**	**2,778**

7. Taxation (continued)

(h) Deferred tax liabilities

	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Prepayments	248	457
Accrued revenue and other	-	399
Property, plant and equipment	48,181	38,383
Right-of-use assets	78,792	-
Other	-	44
Deferred tax liabilities	**127,221**	**39,283**
Set-off deferred tax balances pursuant to set-off provisions		
Australia	(113)	526
United States	(126,655)	(24,503)
Net deferred tax liabilities	**453**	**15,306**
Movements		
Balance at the beginning of the year	39,283	40,654
Adjustment for new lease accounting standard, AASB 16 *Leases*	74,119	-
Restated opening balance	**113,402**	**-**
Foreign exchange differences	284	2,687
Debited/(credited) to the Income Statement (refer to Note 7(a))	13,535	(4,058)
Balance at the end of the year	**127,221**	**39,283**
Deferred tax liabilities to be settled within 12 months	36	1,271
Deferred tax liabilities to be settled after more than 12 months	127,185	38,012
	127,221	**39,283**

(i) Review of prior period taxation arrangements

As noted in the June 2019 annual report, the Group was in discussions with the Australian Taxation Office (ATO) regarding the tax treatment of intragroup leases by the previous stapled group in prior years. In October 2019, a settlement was reached with the ATO under which the Group will be required to make further tax payments totalling $15.9 million. Of this, $5.9 million was paid during the period with the remainder being payable on deferred settlement terms. The full liability was recognised in the June 2019 financial statements and there has been no further financial impact in the current period. Under the deferred settlement terms, the ATO has taken security over the freehold and business assets of SkyPoint until such time as the tax liability is fully repaid.

7. Taxation (continued)

(j) Accounting policy

Tax

The income tax expense or benefit 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 Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. 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.

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such investment 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.

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.

8. Cash flow information

(a) Reconciliation of loss for the year to net cash flows from operating activities

	2020 $'000	2019 $'000
Loss for the year	(136,625)	(60,877)
Non-cash items		
Depreciation of property, plant and equipment	60,718	48,567
Amortisation	33,424	3,789
Impairment of goodwill	-	-
Impairment of property, plant and equipment	5,436	17,567
Impairment of right-of-use assets	1,620	-
Equity-based payments	25	166
Write-off of doubtful debts	559	649
Inventory provision (decrease)/increase	(43)	19
Provision for onerous lease contract	-	3,072
Loss on sale of property, plant and equipment	407	2,418
Valuation loss on property, plant and equipment	10,366	-
Valuation gain on investment held at fair value	(390)	-
Classified as financing activities		
Finance costs	64,182	8,262
RedBird preferred share issue costs	2,326	-
Classified as investing activities		
Unrealised net loss on derivative financial instruments	305	1,376
Insurance recovery for damaged Main Event centres		(2,021)
Changes in asset and liabilities:		
Decrease/(increase) in assets:		
Receivables	10,870	(72)
Inventories	(33)	(389)
Deferred tax assets	19,578	(2,079)
Construction in progress inventories	(11,680)	1,805
Other assets	5,273	(1,469)
Increase/(decrease) in liabilities:		
Payables and other liabilities	(1,633)	246
Provisions	(2,585)	(300)
Construction in progress deposits	11,500	(1,358)
Current tax liabilities	(6,019)	6,008
Non-current tax liabilities	629	10,000
Deferred tax liabilities	(15,492)	(2,882)
Net cash flows from operating activities	**52,718**	**32,497**

(b) Non-cash investing and financing activities

	Note	2020 $'000	2019 $'000
The following item is not reflected in the Statements of Cash Flows:			
Distributions by the Group satisfied during the year by the issue of shares under the DRP	31(a)	-	16,332

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8. Cash flow information (continued)

(c) Cash and cash equivalents

Cash and cash equivalents at 30 June 2020 comprise the following:

	2020 $'000	2019 $'000
Cash at banks and on hand	152,323	23,719
Short term deposits	6,189	63,233
Restricted cash	3,105	5,380
	161,617	**92,332**

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Restricted cash includes deposits held as security for ancillary merchant, hedging and bank guarantee facilities.

Under the terms of the Group's financing facilities, cash and debt held by the Australian and US businesses are subject to 'ring fencing' provisions whereby each business cannot access cash or debt facilities held by the other. The cash available to the respective businesses at 30 June 2020 is as follows:

	2020 $'000	2019 $'000
Theme Parks and Corporate Office (Australian business)	32,601	68,792
Main Event (US business)	129,016	23,540
	161,617	**92,332**

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) Accounting policy

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.

(e) Changes in interest bearing liabilities arising from financing activities

	2020 $'000	2019 $'000
Interest bearing liabilities		
Opening interest bearing liabilities	169,429	27,849
Adoption of new lease accounting standard	357,630	-
Restated opening interest bearing liabilities	**527,059**	**27,849**
Changes from financing cash flows	80,911	137,345
Effect of changes in foreign currency rates	1,882	3,295
Changes in lease liabilities	75,037	-
Other	6,267	940
Closing interest bearing liabilities	**691,156**	**169,429**
Derivative financial instruments		
Opening derivatives liability/(asset)	315	(720)
Changes from financing cash flows	1,931	-
Changes in fair value	265	1,035
Closing derivatives liability	**2,511**	**315**
Total financial liabilities	**693,667**	**169,744**

9. Losses per share

	2020	2019
Basic losses per share (cents) from continuing operations	(28.48)	(12.61)
Basic losses per share (cents) from discontinued operations	-	(0.13)
Total basic losses per share (cents)	**(28.48)**	**(12.74)**
Diluted losses per share (cents) from continuing operations	(28.48)	(12.61)
Diluted losses per share (cents) from discontinued operations	-	(0.13)
Total diluted losses per share (cents)	**(28.48)**	**(12.74)**
Losses used in the calculation of basic and diluted earnings per share ($'000)	(136,625)	(60,877)
Weighted average number of shares on issue used in the calculation of basic losses per share ('000)	479,661	477,999
Weighted average number of shares held by employees under employee equity plans (refer to Note 35) ('000)	141	334
Weighted average number of shares on issue used in the calculation of diluted earnings per share ('000)	479,661	477,999

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares on issue during the period.

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

10. Dividends paid and payable

Dividends

No interim or final dividend has been paid or declared for the year ended 30 June 2020 (2019: Nil).

(a) Franking credits

The tax consolidated group has franking credits of $1,501,307 (2019: $1,501,307).

11. Receivables

	2020 $'000	2019 $'000
Trade receivables	4,210	6,840
Allowance for expected credit losses	(47)	(23)
Other receivables	597	5,707
	4,760	**12,524**

The Group has recognised an expense of $558,643 in respect of expected credit losses (ECLs) during the year ended 30 June 2020 (2019: $649,365). The expense has been included in other expenses in the Income Statement.

Refer to Note 25(e) for information on the Group's management of, and exposure to, credit risk.

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11. Receivables (continued)

(b) Accounting policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less allowances for ECLs. 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 are written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group applies a provision matrix in calculating ECLs for trade receivables. The provision rates are based on days past due for groupings of customers that have similar loss patterns and are based on the Group's historically observed default rates and adjusted with forward-looking information at each reporting date where applicable.

Assessment of the relationship between historical observed default rates, forecast economic conditions and ECLs requires judgement. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of actual default rates in the future.

The amount of any provision for ECLs 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.

12. Inventories

	2020 $'000	2019 $'000
Goods held for resale	8,034	7,915
Provision for diminution	(176)	(133)
	7,858	**7,782**

The expense relating to the write-downs of inventories during the year ended 30 June 2020 was $60,029 (2019: $Nil).

(a) Accounting policy

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.

13. Construction in progress

Construction in progress inventories relates to a centre that is under construction by Main Event under agreements that Main Event has entered into with a third party. Once the Group has satisfied the requirements of the agreements and acceptance of the centre by the third party has occurred, the risks and rewards pass to the third party. The costs funded by the third party during the course of construction are recorded as a current liability, construction in progress deposits, and upon acceptance of the centre by the third party this liability and related construction in progress inventories are settled. Any net realisable value adjustment is recorded in the Income Statement as a gain/loss on sale of the construction in progress inventories.

At 30 June 2020, construction of the centre was substantially complete, with the centre subsequently opened on 17 July 2020.

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13. Construction in progress (continued)

(a) Construction in progress inventories

A reconciliation of the carrying amount of the construction in progress inventories at the beginning and end of the current period is set out below:

	2020 $'000	2019 $'000
Carrying amount at the beginning of the year	578	772
Additions	20,882	11,345
Disposals	(9,202)	(13,149)
Foreign exchange movements	(381)	1,610
Carrying amount at the end of the year	**11,877**	**578**

(b) Construction in progress deposits

A reconciliation of the carrying amount of the construction in progress deposits liability at the beginning and end of the current period is set out below

	2020 $'000	2019 $'000
Carrying amount at the beginning of the year	-	-
Additions	20,771	7,154
Disposals	(9,271)	(8,512)
Foreign exchange movements	(87)	1,358
Carrying amount at the end of the year	**11,413**	**-**

(c) Accounting policy

Construction in progress inventories are valued at the lower of cost and net realisable value. Cost of construction in progress comprises the purchase price and other costs, including labour costs which are allocated in accordance with the terms of the agreements.

14. Other assets

	2020 $'000	2019 $'000
Prepayments	3,044	5,654
Accrued revenue	110	2,773
	3,154	**8,427**

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15. Payables

	2020 $'000	2019 $'000
Current		
Interest payable	99	1,954
GST payable	224	97
Trade creditors	16,684	9,297
Property expenses payable	1,727	427
Employee benefits	12,257	17,577
Deferred revenue	13,841	11,273
Straight-line rent liabilities	-	97
Lease incentive liabilities	-	3,984
Property tax payable	6,121	5,332
Capital expenditure including construction in progress inventories payable	858	5,165
Other payables	11,888	13,992
Total current payables	**63,699**	**69,195**
Non-current		
Lease incentive liabilities	-	33,782
Straight-line rent liabilities	-	3,821
Total non-current payables	**-**	**37,603**
Total payables	**63,699**	**106,798**

(a) Accounting policy

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 to 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 fair value and subsequently measured at amortised cost using the effective interest rate method.

Employee benefits

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.

16. Property, plant and equipment

Segment	Note	Cost less accumulated depreciation & impairments 2020 $'000	Cumulative revaluation (decrements)/ increments 2020 $'000	Consolidated book value 2020 $'000	Cost less accumulated depreciation & impairments 2019 $'000	Cumulative revaluation (decrements)/ increments 2019 $'000	Consolidated book value 2019 $'000
Theme Parks	(1) (2) (3)	249,015	(130,185)	118,830	243,448	(112,674)	130,774
Main Event		354,270	-	354,270	346,752	-	346,752
Other		705	-	705	1,115	-	1,115
Total		**603,990**	**(130,185)**	**473,805**	**591,315**	**(112,674)**	**478,641**

(1) The book value of Dreamworld and WhiteWater World land and buildings, major rides and attractions and other plant and equipment (including construction work in progress of $21.9 million (2019: $28.8 million), intangible assets of $2.5 million (2019: $2.9 million) and livestock of $0.2 million (2019: $0.2 million) is $87.5 million (2019: $96.1 million). Having regard to an independent valuation at 30 June 2020 by Jones Lang LaSalle, the Directors have assessed the fair value of land and buildings and major rides and attractions to be $28.1 million (2019: $50.6 million). All other plant and equipment are carried at depreciated historic cost of $59.4 million (2019: $45.5 million). Refer to additional Theme Parks valuation information below.

(2) Having regard to an independent valuation performed at 30 June 2020 by Jones Lang LaSalle, the Directors have assessed the fair value of the excess land adjacent to Dreamworld to be $5.8 million (2019: $5.2 million).

(3) Having regard to an independent valuation performed at 30 June 2020 by Jones Lang LaSalle, the Directors have assessed the fair value of SkyPoint to be $28.2 million (2019: $32.6 million).

16. Property, plant and equipment (continued)

Refer to Note 26(b) for information on the valuation techniques used to derive the fair value of the Theme Parks.

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:

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2020							
Carrying amount at the beginning of the year	191,144	66,454	174,882	4,001	318	41,842	478,641
Additions	28,479	-	15,873	25	-	30,463	74,840
Transfer from construction in progress	10,493	11,376	17,343	1,700	19	(40,931)	-
Transfer to intangible assets	-	-	(50)	-	-	(4)	(54)
Disposals	(4,224)	(2,056)	2,331	(121)	-	(1,723)	(5,793)
Depreciation	(9,005)	(1,307)	(49,375)	(955)	(60)	-	(60,702)
Revaluation	(13,425)	-	-	-	-	-	(13,425)
Foreign exchange movements	1,844	-	2,260	-	-	1,630	5,734
Impairment	(5,372)	-	(64)	-	-	-	(5,436)
Carrying amount at the end of the year	**199,934**	**74,467**	**163,200**	**4,650**	**277**	**31,277**	**473,805**

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2019							
Carrying amount at the beginning of the year	183,244	65,612	187,271	4,128	341	15,072	455,668
Additions	11,325	40	20,924	29	32	36,926	69,276
Transfer from construction in progress	903	2,902	5,004	896	-	(9,705)	-
Transfer from inventories	-	-	767	-	-	-	767
Transfer to intangible assets	-	-	-	-	-	(712)	(712)
Disposals	(363)	(1,234)	(564)	(42)	-	-	(2,203)
Depreciation	(7,583)	(866)	(39,037)	(1,010)	(55)	-	(48,551)
Foreign exchange movements	10,815	-	10,887	-	-	261	21,963
Impairment	(7,197)	-	(10,370)	-	-	-	(17,567)
Carrying amount at the end of the year	**191,144**	**66,454**	**174,882**	**4,001**	**318**	**41,842**	**478,641**

(a) Theme Parks valuation

The tragic incident which occurred on the Thunder River Rapids ride at Dreamworld in October 2016 and subsequent Coronial Inquest continues to negatively impact attendance and revenues in the current period, with recovery being slower than expected. In the prior three years, the Group has recognised revaluation decrements to the property, plant and equipment of Dreamworld and WhiteWater World of $167.7 million and a further impairment provision of $1.0 million.

In the current year, the COVID-19 pandemic has had a significant impact on the Theme Parks business, with the parks being closed from 23 March 2020. There remains continuing uncertainty regarding the severity and duration of the virus and associated trading, travel and social distancing restrictions. There is also uncertainty over the recovery period and propensity of customers to return once the site reopens. This has had a significant impact on the property valuation at 30 June 2020, with the valuation of Dreamworld and WhiteWater World being subject to further revaluation decrements of $10.4 million and impairment charges of $5.0 million.

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16. Property, plant and equipment (continued)

(a) Theme Parks valuation (continued)

At 30 June 2020, the valuation of Dreamworld and WhiteWater World has been determined in accordance with AASB 13 *Fair Value Measurement*, which defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants. This Standard requires that the valuation take account of the benefits attainable under the highest and best use, provided that any alternate uses are physically possible, legally permissible and financially feasible. Under the Standard, uses that are legally permissible take into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning restrictions applicable to a property). This has resulted in the fair value of land, buildings and major rides and attractions being assessed at $28.1 million (2019: $50.6 million). Together with other assets carried at historic cost of $59.4 million (2019: $45.5 million), the book value of Dreamworld and WhiteWater World is $87.5 million at 30 June 2020.

At 30 June 2020, the Group obtained independent valuation advice from Jones Lang LaSalle (JLL) to assist in determining a Directors' valuation of the property. The valuer has considered the work undertaken in the prior year (as set out in the annual financial report for the year ended 25 June 2019) and reviewed management's updated forecasts in light of the park's performance and market conditions, including the ongoing impact of COVID-19. In determining a Directors' valuation at 30 June 2020, the Directors have had regard to the work of JLL in June 2020 as well as updated forecasts for the park in light of market conditions and management initiatives currently in place to manage current uncertainties and improve its performance.

The significant unobservable inputs associated with the valuation of the Dreamworld and WhiteWater World valuation are as follows:

	June 2020	June 2019
Capitalisation rate	10.00%	11.50%
Discount rate	12.50% - 13.00%	14.00% - 14.50%
Terminal yield	10.00% - 10.50%	11.50% - 12.00%
10 year average annual EBITDA ($'000)	15,521	26,503
10 year average annual capital expenditure ($'000)	7,560	15,409

In addition, the valuation has assumed a gradual recovery of attendances over the next 10 years, starting with FY21 attendances estimated to be approximately 48% of FY16 (pre-incident) levels.

The Directors note the material valuation uncertainty which exists both in terms of market disruption (e.g. liquidity) and availability of inputs (e.g. cash flows, discount rates and capitalisation rates) which could impact the valuation of these assets.

The sensitivity of the fair values of the land and buildings and major rides and attractions in relation to the significant unobservable inputs is set out in the table below:

	Capitalisation rate (%)	Discount rate (%)	Terminal yield (%)	Attendance levels
Fair value measurement sensitivity to 0.5% increase in rate/yield	-$1.1 million	-$3.7 million	-$2.5 million	n/a
Fair value measurement sensitivity to 0.5% decrease in rate/yield	+$1.2 million	+$4.1 million	+$3.0 million	n/a
Fair value measurement sensitivity to 10.0% increase in assumed attendance levels	n/a	n/a	n/a	+$21.4 million
Fair value measurement sensitivity to 10.0% decrease in assumed attendance levels	n/a	n/a	n/a	-$3.4 million

When calculating the income capitalisation approach, EBITDA has a strong inter-relationship with the adopted capitalisation rate given the methodology involves assessing the total income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the income and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the income and a decrease (tightening) in the adopted capitalisation rate. A directionally opposite change in the income and the adopted capitalisation rate could potentially magnify the impact to the fair value.

There are no other significant inter-relationships between unobservable inputs that materially affect the fair value.

(b) Accounting policy

Revaluation model

The revaluation model of accounting is used for Theme Parks land, 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.

16. Property, plant and equipment (continued)

(b) Accounting policy (continued)

Revaluation model (continued)

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 the asset revaluation reserve 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.

At each reporting date, the fair values of PPE are assessed by reference to independent valuation reports or through appropriate valuation techniques adopted by management. 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 management 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 (DCF) models;
- Available sales evidence; and
- Comparisons to valuation professionals performing valuation assignments across the market.

Impairment of property, plant and equipment

Property, plant and equipment is 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.

In assessing impairment of assets, the Group has determined that it has the following CGUs:

- Dreamworld/WhiteWater World combined theme park;
- SkyPoint, including the SkyPoint climb;
- Dreamworld excess land; and
- Each individual Main Event US entertainment centre.

During the prior year, the Group performed an impairment assessment of property, plant and equipment and lease right-of-use assets in accordance with AASB 136 *Impairment of assets*. This analysis determined that the carrying value of assets in four Main Event centres exceeded their recoverable amount by US$12.2 million (A$17.6 million) and an impairment loss was recognised for this amount.

In the current year, the changed conditions brought about by COVID-19 have had a significant adverse impact on the carrying value of property, plant and equipment and lease right-of-use assets, which has resulted in an additional impairment loss of US$2.2 million (A$3.2 million) relating to further impaired centres.

The recoverable amount of assets has been determined based on value-in-use calculations, which include the following key assumptions:

	2020 $'000	2019 $'000
Pre-tax discount rate	13.9%	11.3%
Long term EBITDA growth rate	1.0%	1.0%

Depreciation

Land and construction work in progress are 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:

	2020	2019
Buildings	20 - 40 years	40 years
Leasehold improvements	n/a	Lease term
Land improvements	20 - 40 years	n/a
Major rides & attractions	5 - 40 years	20 - 40 years
Plant and equipment	4 - 25 years	4 - 25 years
Furniture, fittings & equipment	3 - 25 years	3 - 13 years
Motor vehicles	4 - 10 years	8 years

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16. Property, plant and equipment (continued)

(b) Accounting policy (continued)

Depreciation (continued)

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. 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.

17. Intangible assets

	2020 $'000	2019 $'000
Goodwill at cost	73,617	72,830
Accumulated impairment	(12,880)	(12,880)
	60,737	**59,950**
Other intangibles at cost	35,188	29,928
Accumulated amortisation and impairment	(15,827)	(10,905)
	19,361	**19,023**
Total intangible assets	**80,098**	**78,973**

	2020 $'000	2019 $'000
Goodwill		
Opening net book amount	59,950	56,441
Foreign exchange movements	787	3,509
Closing net book amount	**60,737**	**59,950**
Other intangibles		
Opening net book amount	19,023	13,834
Additions	6,534	7,797
Transfer from property, plant and equipment	54	712
Disposals	(1,525)	(370)
Amortisation	(4,922)	(3,789)
Foreign exchange movements	197	839
Closing net book amount	**19,361**	**19,023**
Total intangible assets	**80,098**	**78,973**

(a) Goodwill

Goodwill represents goodwill acquired by the Group as part of various acquisitions. Goodwill is monitored by management at the operating segment level. Management reviews the business performance based on geography and type of business as disclosed in Note 2.

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

	2020 $'000	2019 $'000
United States		
Main Event	60,737	59,950
	60,737	**59,950**

17. Intangible assets (continued)

(a) Goodwill (continued)

(i) 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 to test for impairment in the business segments to which a significant amount of goodwill was allocated:

	Budget/forecast period EBITDA growth rate[1]		Long term EBITDA growth rate[2]		Post-tax discount rate[3]	
	2020	2019	2020	2019	2020	2019
	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Main Event	19.91	3.09	2.00	2.00	12.00	7.50

(1) Compound annual growth rate over the five-year budget/forecast period. The higher growth rate in FY20 reflects recovery from the impacts of COVID-19 which have significantly reduced current year EBITDA.

(2) Average growth rate used to extrapolate cash flows beyond the budget/forecast period.

(3) In performing the value in use calculation, the Group has applied a post-tax discount rate to discount the forecast future attributable post-tax cash flows. The pre-tax discount rate is 12.16% (2019: 7.91%) for Main Event centres.

The period over which management has projected the CGU cash flows is five years. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are post tax and reflect specific risks relating to the country in which the CGU operates.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on the FY20-FY24 financial year budgets/forecasts. Cash flows beyond the budget 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 those changes to key assumptions can result in recoverable amounts falling below carrying amounts. In relation to the CGUs above, the recoverable amounts of Main Event centres are in excess of their carrying amounts.

The Directors consider that the growth rates are reasonable, and do not consider a change in any of the key assumptions would cause the CGUs' carrying amount to exceed their recoverable amount to be reasonably possible.

(b) Accounting policy

Software

Software is amortised on a straight-line basis over the period during which the benefits are expected to be received, which is between 5 – 8 years (2019: 5 – 8 years).

Goodwill

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 CGUs for the purposes of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to Note 2).

Notes to the Financial Statements
for the year ended 30 June 2020

17. Intangible assets (continued)

(b) Accounting policy (continued)

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.

Other intangibles

Other intangibles including the Safety Case and licence to operate for amusement parks are amortised on a straight-line basis over the period during which the benefits are expected to be received, which is five years.

18. Contributed equity

No. of shares/securities	Details	Date of income entitlement	Note	2020 $'000	2019 $'000
471,344,533	Securities on issue	26 Jun 2018			666,731
8,361,483	DRP issue	1 Jul 2018	(a)		16,332
-	Impact of corporate restructure	24 Dec 2018	(b)		94,091
-	Issue costs paid		(c)		(30)
479,706,016	**Shares on issue**	**30 Jun 2020**		**777,124**	**777,124**

(a) Dividend/Distribution Reinvestment Plan (DRP) issues

The Group has established a DRP under which share/securityholders may elect to have all or part of their dividend/distribution entitlements satisfied by the issue of new shares/securities rather than being paid in cash. The discount available on shares/securities issued under the DRP is 2.0% on the market price.

(b) Impact of corporate restructure

Refer to Note 20.

(c) Equity

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

19. Other equity

	2020 $'000	2019 $'000
Treasury shares	-	148
Closing balance	**-**	**148**

	No. of shares/securities 2020	No. of shares/securities 2019	$'000 2020	$'000 2019
Opening balance	142,167	649,958	148	1,405
Acquisition of treasury shares	119,421	20,341	137	25
Issuance of treasury shares	(261,588)	(528,132)	(285)	(1,282)
Closing balance	**-**	**142,167**	**-**	**148**

Notes to the Financial Statements
for the year ended 30 June 2020

19. Other equity (continued)

(a) Accounting policy

Treasury shares/securities are equity investments in Ardent Leisure Group Limited that are held by the Ardent Leisure Employee Share Trust for the purpose of issuing shares under the Group's DSTI and LTIP. Shares/securities issued to employees are recognised on a first-in-first-out basis.

Own equity instruments that are reacquired (treasury shares/securities) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued to employees under the Group's LTIP and DSTI, is recognised in the equity-based payments reserve. Performance rights vesting during the reporting period may be satisfied with treasury shares.

20. Reserves

	2020 $'000	2019 $'000
Asset revaluation reserve		
Opening balance	15,499	15,499
Revaluation - Theme Parks	(3,059)	-
Tax impact of revaluation	918	-
Closing balance	**13,358**	**15,499**
Foreign currency translation reserve		
Opening balance	(5,355)	(22,856)
Transfer to accumulated losses for discontinued operation	49	-
Translation of foreign operations	4,738	17,501
Closing balance	**(568)**	**(5,355)**
Equity-based payment reserve		
Opening balance	(8,092)	(6,889)
Option expense	(112)	(1,203)
Closing balance	**(8,204)**	**(8,092)**
Corporate restructure reserve		
Opening balance	(94,091)	-
Impact of corporate restructure	-	(94,091)
Closing balance	**(94,091)**	**(94,091)**
Total reserves	**(89,505)**	**(92,039)**

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment, as set out in Note 16(b).

Foreign currency translation reserve

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.

Equity-based payment reserve

The equity-based payment reserve is used to recognise the fair value of performance rights issued to employees under the Group's DSTI and LTIP.

Corporate restructure reserve

Under the corporate restructure in the prior year, Ardent Leisure Group Limited shares were issued to security holders in return for their stapled securities. Ardent Leisure Group Limited share capital was measured at fair value on the date of the transaction, being the market capitalisation of the previous stapled Ardent Leisure Group on the date of implementation ($777.1 million). The difference between the contributed equity of Ardent Leisure Group Limited and the pre-restructure contributed equity of the stapled Ardent Leisure Group at the date of the transaction was recognised as a corporate restructure reserve.

Notes to the Financial Statements
for the year ended 30 June 2020

21. Accumulated losses

	Note	2020 $'000	2019 $'000
Opening balance		(299,835)	(206,962)
Loss for the year		(136,625)	(60,877)
Available for distribution		(436,460)	(267,839)
Impact of change in accounting standard	23(a)	(352)	(1,401)
Transfer from foreign currency translation reserve		(49)	-
Distributions paid and payable		-	(30,595)
Closing balance		**(436,861)**	**(299,835)**

22. Interest bearing liabilities

	2020 $'000	2019 $'000
Current		
US Term debt	2,040	1,796
Lease liabilities	26,863	-
Total current	**28,903**	**1,796**
Non-current		
US Term debt & revolving credit	237,983	177,853
Less: unamortised loan costs	(7,445)	(10,220)
Lease liabilities	370,078	-
RedBird preferred shares	70,322	-
Less: unamortised borrowing costs	(8,685)	-
Total non-current	**662,253**	**167,633**
Total interest bearing liabilities	**691,156**	**169,429**

The Group's wholly-owned US subsidiary, Main Event Entertainment, Inc. (Main Event) has access to a US$139.7 million (2019: US$200.0 million) term loan facility, comprising a US$124.8 million (2019: US$125.0 million) drawn term loan and a US$14.9 million (2019: US$75.0 million) delayed draw term loan, as well as a US$25.0 million (2019: US$25 million) revolving credit facility (collectively, the Facility). The facility is secured and guaranteed by Main Event and is non-recourse to the other assets of the Group.

The term debt facilities require principal repayments equal to1% of the amounts drawn on these facilities each year.

In April 2020, Main Event's US debt facility was amended to remove US$60.0 million undrawn capacity from its delayed draw term loan (DDTL) facility. This change was required by the lender in exchange for their consent for covenant waivers for the four quarters ending March 2021, due to the impact of the COVID-19 pandemic.

Notwithstanding the waiver noted above, the terms of the facility ordinarily impose a net leverage covenant on Main Event, being the ratio of net debt to EBITDA adjusted for unrealised and certain non-cash and other one-off items (adjusted EBITDA) as well as a minimum cash holding requirement.

(a) Total secured liabilities and assets pledged as security

The carrying amounts of Main Event assets pledged as security for the US borrowings are as follows:

	2020 $'000	2019 $'000
Current assets	56,149	44,146
Non-current assets	691,115	362,302
Total assets	**747,264**	**406,448**

(b) Credit facilities

As at 30 June 2020, Main Event had unrestricted access to the following credit facilities:

	2020 $'000	2019 $'000
Main Event US$ term debt(1)	203,596	287,439
Amount used	(203,596)	(179,649)
Amount unused	**-**	**107,790**
Main Event US$ revolving credit facility(2)	36,427	35,930
Amount used	(36,427)	-
Amount unused	**-**	**35,930**
Total facilities	240,023	323,369
Total amount used	(240,023)	(179,649)
Total amount unused	**-**	**143,720**

(1) Main Event US$124.8 million term debt and US$14.9 million (2019: $75.0 million) delayed draw term debt facilities will mature on 4 April 2025. Any part of the delayed draw term debt facility remaining undrawn at 4 April 2021 will expire at that date.

(2) Main Event US$25.0 million revolving credit facility will mature on 4 April 2024.

22. Interest bearing liabilities (continued)

(b) Credit facilities (continued)

All of the facilities have a variable interest rate. As detailed in Note 24, the interest rates on the loans are partially fixed using interest rate swaps and caps. The weighted average interest rates payable on the loans at 30 June 2020, including the impact of the interest rate swaps and caps, is 7.98% per annum (2019: 8.77% per annum) for USD denominated debt.

(c) RedBird preferred shares

On 15 June 2020, the Group entered into a partnership transaction with a US-based private investment firm, RedBird Capital Partners (RedBird) under which RedBird has invested US$80.0 million via preferred shares into Main Event's US parent entity, Ardent Leisure US Holding Inc (ALUSH).

The preferred shares entitle RedBird to a 10.0% per annum preferred coupon on the US$80.0 million invested, which accumulates and compounds semi-annually. RedBird is also entitled to participate in common stock dividends of ALUSH and residual net assets in the event of its liquidation

In accordance with the requirements of AASB 132 *Financial Instruments*, this investment has been classified as a compound financial instrument and split into the following components:

- Derivative option liability US$1.3 million ($1.9 million)
- Interest bearing liability US$42.3 million ($61.6 million)
- Equity (minority interest in the Group) US$26.9 million ($39.2 million)

The Group incurred costs of US$11.4 million ($16.7 million) as part of the process which lead to securing this funding. Of this, US$9.8 million ($14.3 million) costs were directly attributable to the RebBird transaction and have been proportionally offset against the debt and equity balances above. The remaining US$1.6 million ($2.3 million) was immediately expensed in the income statement.

Proceeds net of total transaction costs of US$99.0 million have been presented in the statement of cash flows.

(d) Accounting policy

Interest bearing liabilities

Interest bearing liabilities 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.

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 end of the reporting period.

23. Leases

The Australian Accounting Standard Boards has issued a new standard for leases, AASB 16 *Leases*, which applies to accounting periods commencing on or after 1 January 2019 and replaced the previous standard, AASB 117 *Leases*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. This note provides information for leases where the Group is a lessee. The Group does not hold any leases as a lessor.

(a) Implementation of AASB 16 *Leases*

The Group has applied AASB 16 *Leases* using the modified retrospective approach from 26 June 2019. Under this method, the Standard is applied retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. Comparatives are not restated and the reclassifications and the adjustments arising from the new standard are recognised in the opening balance of accumulated losses on 26 June 2019.

(i) Practical expedients applied on transition

At the initial application of AASB 16 *Leases*, the Group has used the following practical expedients permitted by the Standard:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments of whether leases are onerous immediately before the date of initial application;
- Exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Notes to the Financial Statements
for the year ended 30 June 2020

23. Leases (continued)

(a) Implementation of AASB 16 *Leases* (continued)

(i) Practical expedients applied on transition (continued)

On 15 June 2020, the Australian Accounting Standards Board issued *COVID-19-related Rent Concession – amendment to IFRS 16 Leases*. This amendment provides relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies to rent concessions that are directly related to the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to the terms and conditions of the lease.

The Group has obtained rental concessions from most of its landlords, principally in the form of rent deferrals or abatements. As a result, the Group has early adopted this expedient and elected not to account for these COVID-19-related rent concessions as lease modifications, where all of the above conditions are met.

Under this expedient, the Group recorded $110,726 rental concessions as negative variable rent payments in FY20.

(ii) Adjustments recognised in the balance sheet at 26 June 2019

The adoption of AASB 16 *Leases* affected the following items in the balance sheet at 26 June 2019:

Increase/(decrease)	Main Event $'000	Theme Parks $'000	Corporate $'000	Total $'000
Assets				
Right-of-use (ROU) assets	311,128	160	240	311,528
Total assets	**311,128**	**160**	**240**	**311,528**
Liabilities				
Payables	(42,510)	-	(54)	(42,564)
Lease liabilities	357,211	179	240	357,630
Provisions	(3,067)	-	-	(3,067)
Deferred tax liabilities	(119)	-	-	(119)
Total liabilities	**311,515**	**179**	**186**	**311,880**
Equity				
Accumulated losses	387	19	(54)	352
Total equity	**387**	**19**	**(54)**	**352**

(b) Nature of the effect of adoption of AASB 16

The Group leases various real estate properties in the jurisdictions in which it operates. It is customary for lease contracts to provide for payments to increase each year by inflation or in others to be reset periodically to market rental rates. Property leases may contain both lease and non-lease components. In accordance with AASB 16, the Group has elected not to separate lease and non-lease components for property leases. The Group also has leases for equipment and vehicles. These leases comprise only fixed payments over the lease terms. There have been no sale and leaseback transactions in the current year.

Each lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. Lease terms are negotiated on an individual basis and contain different terms and conditions. Extension and termination options are included in a number of property leases across the Group and majority of these options held are exercisable by the Group.

Prior to adoption of AASB 16, the Group classified each lease at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest and reduction of the lease liability. For an operating lease, leased property was not capitalised, and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Payables respectively.

23. Leases (continued)

(b) Nature of the effect of adoption of AASB 16 (continued)

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases. The Standard provides specific transition requirements and practical expedients, which have been applied by the Group. The Group did not hold any finance leases at the date of transition. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases on the date of initial application. Right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid, accrued lease payments and onerous lease provision previously recognised. Lease liabilities were measured at the present value of the remaining lease payments due to the lessor over the lease term, discounted using the applicable incremental borrowing rate at date of initial application. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 26 June 2019 was 9.45%.

The following is a reconciliation to total operating lease commitment at 25 June 2019 (as disclosed in the financial statements to 25 June 2019) to the lease liabilities recognised at 26 June 2019.

	$'000
Operating lease commitments disclosed as at 25 June 2019	624,649
Discounting using incremental borrowing rate	(267,966)
Discounted operating lease commitments at 25 June 2019	356,683
Less: foreign exchange movement	(1,075)
Add: non-lease component included in lease liability	2,022
Lease liability recognised as at 26 June 2019	**357,630**
Comprising:	
Current lease liabilities	18,656
Non-current lease liabilities	338,974
	357,630

(c) Accounting policy

For new contracts entered on or after 26 June 2019, the Group considers whether the contract is, or contains a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assess whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all identified lease contracts in which it is a lessee.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at present value of lease payments to be made over the lease term.

Lease payments include:

- Fixed payments (including reasonably certain extension options), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

Cash payments for the principal and interest portion of lease liabilities are classified as financing activities within the statement of cashflows. Cash payments for variable lease payments not measured in lease liability are presented within the operating activities.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequent to initial measurement, lease liabilities increase to reflect the accretion of interest on the balance outstanding and are reduced for lease payments made. The finance cost for interest on the lease is charged to profit or loss over the lease period.

The lease liability is remeasured to reflect any reassessment or modification of lease term or changes in the in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has not elected to apply the short-term lease and the low-value assets lease practical expedients. These leases are included in the measurement of lease liability.

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23. Leases (continued)

(c) Accounting policy (continued)

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received or make good costs to be incurred at the end of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of- use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment and, where required, impairment testing is performed in conjunction with property, plant and equipment (refer to Note 16(b).

(iii) Significant judgement in determining the lease term of contracts

The Group determines the lease term as the non-cancellable period of the lease, together with any periods covered by options to extend the lease if the Group is reasonably certain to exercise those options. The Group has the option, under some of its leases to extend the lease for additional terms of 5-15 years. Management uses its judgement and experience to determine whether or not an option would be reasonably certain to be exercised on a lease by lease basis. In doing so, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the renewal option.

The Main Event business has projected a 20-year operating cycle for each entertainment centre, with further consideration of specific facts and performance of individual centres in determining the respective lease terms of each of its property leases. Leases for equipment and vehicles do not generally contain renewal option periods.

(d) Amounts recognised in the balance sheet

June 2020 **Right-of-use assets**	**Buildings** **$'000**	**Equipment** **$'000**	**Vehicles** **$'000**	**Total** **$'000**
At 26 June 2019	310,560	959	9	311,528
Additions	17,705	44	-	17,749
Amortisation	(28,126)	(369)	(7)	(28,502)
Modifications to lease terms	30,757	-	-	30,757
Leases terminated	(9,185)	-	-	(9,185)
Variable lease payment adjustments	1,595	-	-	1,595
Foreign exchange movements	4,716	20	-	4,736
Impairment	(1,620)	-	-	(1,620)
At 30 June 2020	**326,402**	**654**	**2**	**327,058**

June 2020 **Lease liabilities**	**Buildings** **$'000**	**Equipment** **$'000**	**Vehicles** **$'000**	**Total** **$'000**
At 26 June 2019	356,662	959	9	357,630
Additions	21,365	44	-	21,409
Interest expenses	36,492	76	-	36,568
Modifications to lease terms	30,757	-	-	30,757
Leases terminated	(15,292)	-	-	(15,292)
Variable lease payment adjustments	1,595	-	-	1,595
Lease payments	(40,321)	(397)	(7)	(40,725)
Foreign exchange movements	4,980	19	-	4,999
At 30 June 2020	**396,238**	**701**	**2**	**396,941**

Lease liabilities are presented in the balance sheet as follows:

Interest bearing liabilities	**Note**	**June 2020** **$'000**
Current	22	26,863
Non-current	22	370,078
		396,941

23. Leases (continued)

(e) Additional profit or loss and cashflow information

The group recognised rent expenses from variable lease payments of $98,666 for the year ended 30 June 2020.

Cash flows in respect of leases in current period are $40.7 million. For interest expense in relation to leasing labilities, refer to finance costs (Note 6).

24. Derivative financial instruments

	2020 $'000	2019 $'000
Current assets		
Forward foreign exchange contracts	-	13
	-	**13**
Non-current assets		
Interest rate caps	29	177
	29	**177**
Current liabilities		
Forward foreign exchange contracts	24	-
Interest rate swaps	585	-
	609	**-**
Non-current liabilities		
Interest rate swaps		505
RedBird call option (refer Note 22(c))	1,931	-
	1,931	**505**

(a) Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to buy Euro and sell Australian dollars. These contracts total A$3.0 million (25 June 2019: nil).

In the prior year, the Group entered into forward foreign exchange contracts to buy US dollars and sell Australian dollars. These contracts totalled $0.4 million at 25 June 2019.

The Group has elected not to apply hedge accounting for its forward foreign exchange contracts. Accordingly changes in fair value of these contracts are recorded in the Income Statement. Notwithstanding the accounting outcome, the Group considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange exposures of the Group.

(b) Interest rate swaps and interest rate caps

The Group has interest rate swap agreements totalling US$70.0 million (A$102.0 million) (2019: US$70.0 million (A$100.6 million)) that entitle it to receive interest, at monthly/quarterly intervals, at a floating rate on a notional principal and oblige it to pay interest at a fixed rate. The interest rate swap agreements allow the Group to effectively swap a floating rate of interest on the notional principal amount into a fixed rate.

The Group also has an interest rate cap agreement in place effective from 3 December 2020 under which it can limit its interest expense on a notional principal amount of US$70.0 million. This notional principal amount reduces to US$55.0 million in April 2021, US$40.0 million in April 2022 and US$20.0 million in April 2023 with the agreement terminating in April 2024.

The Group has elected not to apply hedge accounting for its interest rate swap and cap agreements. Accordingly, changes in fair value of these swaps and caps are recorded in the Income Statement. Notwithstanding the accounting outcome, the Company considers that these derivative contracts are appropriate and effective in offsetting adverse economic interest rate exposures of the Group.

The table below shows the notional value and maturity profile of the interest rate swaps and caps:

	2020 $'000	2019 $'000
Less than 1 year	123,852	-
1 - 2 years	21,856	122,162
2 - 3 years	29,142	21,558
3 - 4 years	29,142	28,744
4 - 5 years	-	28,744
	203,992	**201,208**

(c) Accounting policy

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 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.

24. Derivative financial instruments (continued)

(c) Accounting policy (continued)

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.

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.

25. Capital and financial risk management

(a) Capital risk management

The Group's objectives when managing capital is to optimise shareholder value through the mix of available capital sources while complying with statutory 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 shares, activating the DRP, electing to have the DRP underwritten, adjusting the amount of dividends paid, activating a share buy-back program or selling assets to reduce borrowings.

The Group has a target gearing ratio of 30% to 35% of net debt to net debt plus equity. At 30 June 2020, gearing (including $70.3 million of RedBird funding classified as debt but excluding lease liabilities now recognised under AASB 16 *Leases*) was 32.81% (2019: 17.78%) 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 Group 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 foreign exchange 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 cash flow forecasts.

The Group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and interest rate caps 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

(i) 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 functional currency of a Group entity.

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.

25. Capital and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

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.

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		US dollars	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Assets				
Cash and cash equivalents	32,601	63,729	129,016	28,603
Receivables, inventories and other current assets	5,707	8,705	10,065	20,028
Derivative financial instruments	-	13	29	177
Construction in progress inventories	-	-	11,877	578
Investment held at fair value	3,201	2,811	-	-
Property, plant and equipment	119,535	131,889	354,270	346,752
Intangible assets	5,629	6,100	74,469	72,873
Right-of-use assets	182	-	326,876	-
Other non-current assets	4,389	23,065	-	-
Total assets	**171,244**	**236,312**	**906,602**	**469,011**
Liabilities				
Current payables and other current liabilities	3,273	23,994	65,333	57,422
Construction in progress deposits	-	-	11,413	-
Derivative financial instruments	24	-	2,516	505
Interest bearing liabilities	11,444	1	679,712	169,428
Non-current payables and other non-current liabilities	11,383	10,709	2,800	58,162
Total liabilities	**26,124**	**34,704**	**761,774**	**285,517**
Net assets	**145,120**	**201,608**	**144,828**	**183,494**
Notional value of derivatives	-	-	-	359
Net exposure to foreign exchange movements	**-**	**-**	**144,828**	**183,853**

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25. Capital and financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign exchange rate sensitivity

The table below demonstrates the sensitivity of the above net exposures 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, or equity, while a positive amount reflects a potential net increase.

	Profit movement		Total equity movement	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
AUD:USD - increase 10%	-	(33)	(13,184)	(16,732)
AUD:USD - decrease 10%	-	40	16,114	20,450
AUD:NZD - increase 10%	-	-	-	(1)
AUD:NZD - decrease 10%	-	-	-	2

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 its foreign income.

(iii) 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 and caps, to manage its exposure between these bands. Compliance with the policy is reviewed regularly by management and is reported to the Board at each meeting.

The Group has exposures to interest rate risk on its net monetary liabilities, mitigated by the use of interest rate swaps and caps, as shown in the table below:

	Australian interest		US interest	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Floating rates				
Cash and cash equivalents	32,601	63,729	129,016	28,603
Interest bearing liabilities	-	-	(240,023)	(179,649)
	32,601	**63,729**	**(111,007)**	**(151,046)**
Interest rate swaps and interest rate caps	-	-	101,996	100,604
Net interest rate exposure	**32,601**	**63,729**	**(9,011)**	**(50,442)**

Refer to Note 24 for further details on the interest rate swaps.

25. Capital and financial risk management (continued)

(c) Market risk (continued)

(iv) Interest rate sensitivity

The table below 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 or equity, while a positive amount reflects a potential net increase.

	Profit movement		Total equity movement	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
1% increase in AUD rate	329	863	329	863
1% decrease in AUD rate	(329)	(863)	(329)	(863)
1% increase in USD rate	(90)	916	(90)	916
1% decrease in USD rate	90	(916)	90	(916)

At reporting date, the Group has fixed 42.49% (2019: 56.0%) of its 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 shares, 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 fixed and floating rate financial liabilities and derivatives as at 30 June 2020. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

2020	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	63,699	63,699	-	-	-	-	-	63,699
Lease liabilities	396,941	61,855	51,041	51,281	51,370	51,085	432,939	699,571
Term debt	240,023	20,066	20,166	20,016	55,670	207,377	-	323,295
Preferred shares of subsidiaries	70,322	-	-	-	-	-	230,795	230,795
Current, non-current and deferred tax liabilities	11,694	1,065	2,500	2,500	2,500	2,500	3,219	14,284
Interest rate swaps and caps	585	870	-	-	-	-	-	870
Forward foreign exchange contracts	24	3,022	-	-	-	-	-	3,022
Total undiscounted financial liabilities	**783,288**	**150,577**	**73,707**	**73,797**	**109,540**	**260,962**	**666,953**	**1,335,536**

2019	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	106,798	69,195	3,429	3,482	3,717	3,757	23,218	106,798
Term debt and revolving credit facilities	179,649	18,345	17,871	17,708	17,546	17,383	182,659	271,512
Current and deferred tax liabilities	15,919	5,919	2,997	2,697	2,622	2,547	-	16,782
Interest rate swaps and caps	328	(284)	(120)	-	-	-	-	(404)
Forward foreign exchange contracts	-	359	-	-	-	-	-	359
Total undiscounted financial liabilities	**302,694**	**93,534**	**24,177**	**23,887**	**23,885**	**23,687**	**205,877**	**395,047**

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25. Capital and financial risk management (continued)

(e) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will 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 credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. The Group has policies to review the aggregate exposures of receivables 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.

For derivative financial instruments, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a close out. Similarly, for cash and cash equivalents, there is a credit risk where the contracting entity holds the Group's cash balances and investments. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash investment transactions are limited to investment grade counterparties in accordance with the Group's FRM policy. As such, the Group's exposure to credit losses on derivative financial instruments and cash and cash equivalents is considered insignificant. The Group monitors the public credit rating of its counterparties.

Credit risk adjustments relating to receivables have been applied in line with the policy set out in Note 10. No fair value adjustment has been made to derivative financial assets or cash investments, with the impact of credit risk being assessed as minimal. The Group's maximum exposure to credit risk is noted in the table below.

Details of the concentration of credit exposure of the Group's assets are as follows:

	2020 $'000	2019 $'000
Cash and cash equivalents	161,617	92,332
Receivables - Australia	2,679	7,382
Receivables - US	2,081	5,142
Derivative financial instruments	29	190
	166,406	**105,046**

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
2020						
Receivables - Australia	2,012	30	3	38	47	2,130
Receivables - US	1,995	-	-	85	-	2,080
	4,007	**30**	**3**	**123**	**47**	**4,210**
2019						
Receivables - Australia	205	199	27	310	23	764
Receivables - US	22	508	9	117	-	656
	227	**707**	**36**	**427**	**23**	**1,420**

Based on a review of receivables by management, a provision of $47,157 (2019: $23,389) has been made against receivables with a gross balance of $47,157 (2019: $23,389).

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.

26. Fair value measurement

(a) Fair value hierarchy

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments;
- Investment held at fair value; and
- Theme Parks land, buildings and major rides and attractions.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investment held at fair value	-	-	3,201	3,201
Property, plant and equipment[(1)]	-	-	118,830	118,830
Derivative financial instruments	-	29	-	29
Liabilities measured at fair value:				
Derivative financial instruments	-	609	-	609
RedBird share purchase option	-	-	1,931	1,931
Liabilities for which fair values are disclosed:				
RedBird preferred shares	-	-	70,322	70,322
Interest bearing liabilities (refer to Note 26(c))	-	240,023	-	240,023

2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:				
Investment held at fair value	-	-	2,811	2,811
Property, plant and equipment[(1)]	-	-	130,774	130,774
Derivative financial instruments	-	554	-	554
Liabilities measured at fair value:				
Derivative financial instruments	-	505	-	505
Liabilities for which fair values are disclosed:				
Interest bearing liabilities (refer to Note 26(c))	-	179,649	-	179,649

(1) Land and buildings and major rides and attractions of the Theme Parks.

There has been no transfer between level 1, level 2 and level 3 during the year. For changes in level 3 items for the years ended 30 June 2020 and 25 June 2019, refer to Notes 16 and 30.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2020.

26. Fair value measurement (continued)

(b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (e.g. over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps and caps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date.

All of the resulting fair value estimates are included in level 2 except for unlisted equity shares/securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(i) Fair value measurements using significant unobservable inputs

Property, plant and equipment

The fair value of Theme Parks land, buildings and major rides and attractions is determined in line with the policy set out in Note 15, with all resulting fair value estimates included in level 3. The current use is considered to be the highest and best use for all investment properties in the Group.

Redbird share purchase option

An equity option gives the holder the right to buy or sell the equity at a predefined strike rate at specified date(s) as stipulated in the option agreement. The present value of an option equals the sum of its intrinsic value and time value. The intrinsic value of the option is its current exercise value as determined by its strike price and current spot price. The time value represents the likelihood of the intrinsic value increasing and is sensitive to the volatility of the price of the underlying asset, risk free interest rates, and time to expiry of the option.

Management have applied a stochastic approach using a Monte-Carlo simulation model to value the RedBird share purchase option. On initial recognition, the value was determined to be US$1.3 million ($1.9 million), as set out in Note 24.

Redbird preferred shares

The initial carrying value of the liability component is determined by discounting the contractual stream of future cash flows (coupon of 10% and principal of US$80 million) to the present value, at the current rate of interest (18.6%) applicable to instruments of comparable credit status and within similar industries, with similar terms.

The equity component is measured as the residual after taking account of the option and fair value of debt.

Changes in fair value

For changes in level 3 items for the periods ended 30 June 2020 and 25 June 2019, refer to Notes 16 and 30.

(ii) Valuation inputs and relationships to fair value

The significant unobservable inputs associated with the valuation of the Group's property, plant and equipment and investment held at fair value are discussed in Notes 16 and 30.

26. Fair value measurement (continued)

(c) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the Balance Sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to the current market rates or the instruments are short term in nature. Differences were identified for the following instruments at 30 June 2020:

	Carrying amount 2020 $'000	Fair value 2020 $'000	Discount rate 2020 %	Carrying amount 2019 $'000	Fair value 2019 $'000	Discount rate 2019 %
Interest bearing liabilities	240,023	240,297	7.56	179,649	180,734	8.94
RedBird preferred shares	70,322	70,302	18.62	-	-	-

In determining the fair values above, the principal amounts payable have been discounted at rates which reflect the price that market participants would use when transferring the financial instruments, assuming that market participants act in their economic best interest. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including the Group's own credit risk.

(d) Accounting policy

Fair value estimation

The Group measures financial instruments, such as derivatives and investments held at fair value and non-financial assets such as land, buildings and major rides and attractions investment properties at fair value at each balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 and caps 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.

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.

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27. Contingent liabilities

On 25 October 2016, an incident occurred on the Thunder River Rapids ride at Dreamworld resulting in four fatalities at the Theme Park. The incident was investigated by the Queensland Police Service and Workplace Health and Safety Queensland (WHSQ). A Coronial Inquest took place over several hearings throughout 2018 and concluded in December 2018. The Coroner's findings and recommendations were handed down on 24 February 2020. The Coroner cannot (and did not) make any formal finding of guilt on the part of Ardent Leisure Limited (ALL) or any other person or entity and cannot (and did not) impose any pecuniary fine or penalty. In his Report, the Coroner referred the matter back to the WHSQ prosecutor to consider *"whether there is sufficient evidence to proceed to prosecution [against ALL]"*.

On 21 July 2020 the Queensland Work Health and Safety Prosecutor filed three charges against ALL pursuant to section 32 of the *Work Health and Safety Act 2011 (Qld)* in relation to the incident, with each charge carrying a maximum penalty of $1.5 million. ALL pleaded guilty to all three charges on 29 July 2020. The matter has been set down for sentencing on 28 September 2020.

A number of civil claims by families and other affected persons have been made against ALL and have either been settled or are in the process of being dealt with by the Company's liability insurer. The statutory time period for bringing civil claims has now passed.

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The claim has not been quantified by the plaintiff and is not fully particularised, therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any). The Company has indicated that it believes the proceedings to be without merit and it will vigorously defend them.

The Company maintains appropriate insurances to respond to litigation and regulatory action and the majority of associated costs.

Unless otherwise disclosed in the financial statements, Ardent Leisure Group Limited has no other material contingent liabilities.

28. Capital commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2020 $'000	2019 $'000
Property, plant and equipment		
Payable:		
Within one year	6,335	995
	6,335	**995**

29. Events occurring after reporting date

On 21 July 2020 the Queensland Work Health and Safety Prosecutor filed three charges against a subsidiary of the Company, ALL, pursuant to section 32 of the Work Health and Safety Act 2011 (Qld) in relation to the Thunder River Rapids ride incident which occurred in October 2016. Each charge carries a maximum penalty of $1.5 million and ALL pleaded guilty to all three charges on 29 July 2020. The matter has been set down for sentencing on 28 September 2020.

On 7 August 2020, the Group announced that it has received financial assistance for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The financial assistance package is for a three-year term totalling $69.9 million comprising a secured loan of $66.9 million (which includes capitalised interest and fees) and a grant of $3.0 million which can be used to fund working capital and approved capital expenditure. The loan is mutually exclusive from the debt facility in place for the Group's US Main Event business.

Since the end of the financial year, the Directors of the Company are not aware of any other matters or circumstances not otherwise dealt with in financial report or the Directors' report that have 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 2020.

30. Investment held at fair value

	2020 $'000	2019 $'000
Investment in Online Media Holdings Limited	3,201	2,811
	3,201	**2,811**

	2020 $'000	2019 $'000
Opening balance	2,811	2,811
Reversal of impairment	390	-
Closing balance	**3,201**	**2,811**

(a) Accounting policy

The investment held at fair value comprises an investment in unlisted equity shares. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income (OCI) when they meet the definition of equity under AASB 132 *Financial Instruments Presentation* and are not held for trading. The classification is determined on an instrument by instrument basis.

After initial measurement, financial assets at fair value through OCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Income Statement when the right of payment has been established except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category

31. Provisions

(a) Distributions to shareholders/security holders

	Note	2020 $'000	2019 $'000
Opening balance		-	-
Distributions declared		-	30,637
Distributions paid		-	(14,305)
Distributions reinvested	18	-	(16,332)
Closing balance		**-**	**-**

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.

Notes to the Financial Statements
for the year ended 30 June 2020

31. Provisions (continued)

(b) Other provisions

	2020 $'000	2019 $'000
Current		
Employee benefits	1,683	1,339
Sundry(1)	378	173
Total current	**2,061**	**1,512**
Non-current		
Employee benefits	754	710
Property onerous lease contracts	-	3,072
Property make good obligations	2,347	2,180
Total non-current	**3,101**	**5,962**
Total provisions	**5,162**	**7,474**
Movements in sundry provisions		
Carrying amount at the beginning of the year	173	168
Additional provisions recognised	355	219
Amounts utilised	(150)	(214)
Carrying amount at the end of the year	**378**	**173**

(1) Sundry provisions include 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.

(c) Accounting policy

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 can be reliably estimated.

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.

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.

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.

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.

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.

32. Net tangible assets

	Note	2020 $'000	2019 $'000
Net tangible assets are calculated as follows:			
Total assets		1,077,846	705,323
Less: intangible assets		(80,098)	(78,973)
Less: right-of-use assets		(327,058)	-
Less: total liabilities		(787,898)	(320,221)
Add: lease liabilities	22	396,941	-
Net tangible assets		**279,733**	**306,129**
Total number of shares on issue	18	479,706,016	479,706,016
Net tangible asset backing per share		$0.58	$0.64

Notes to the Financial Statements
for the year ended 30 June 2020

33. Deed of Cross Guarantee

In 2019, Ardent Leisure Group Limited, Ardent Leisure Limited, Ardent Leisure Management Limited, Ardent Leisure Entertainment Pty Ltd and Main Event Entertainment Pty Ltd entered into a Deed of Cross Guarantee under which each company guaranteed the debts of the others.

By entering into the deeds, Ardent Leisure Limited has been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(a) Consolidated Income Statement

Ardent Leisure Group Limited, Ardent Leisure Limited, Ardent Leisure Management Limited, Ardent Leisure Entertainment Pty Ltd and Main Event Entertainment Pty Ltd represent a 'Closed Group' for the purposes of the Class Order.

Set out below is a consolidated Income Statement for the year ended 30 June 2020 of the Closed Group:

	2020 $'000
Income	
Revenue from operating activities	59,360
Valuation gain – investment held at fair value	390
Net gain from derivative financial instruments	243
Interest income	461
Other income	7,055
Total income	**67,509**
Expenses	
Purchase of finished goods	8,802
Salary and employee benefits	44,071
Finance costs	677
Property expenses	111
Depreciation and amortisation	4,841
Loss on disposal of assets	3,471
Advertising and promotions	5,282
Repairs and maintenance	4,703
Dreamworld incident costs	2,097
Other expenses	12,493
Total expenses	**86,548**
Loss before tax expense	**(19,039)**
Income tax expense	14,285
Loss from continuing operations	**(33,324)**
Profit from discontinued operations	4
Loss for the year	**(33,320)**
Attributable to:	
Ordinary shareholders	**(33,320)**

33. Deed of Cross Guarantee (continued)

(b) Consolidated Statement of Comprehensive Income

Set out below is a consolidated Statement of Comprehensive Income for the year ended 30 June 2020 of the Closed Group:

	2020 $'000
Loss for the year	(33,320)
Other comprehensive income for the year, net of tax	-
Total comprehensive loss for the year, net of tax	**(33,320)**
Attributable to:	
Ordinary shareholders	(33,320)
Total comprehensive loss for the year, net of tax	**(33,320)**
Total comprehensive loss for the year, net of tax attributable to share/security holders, arises from:	
Continuing operations	(33,324)
Discontinued operations	4
Total comprehensive loss for the year, net of tax	**(33,320)**

Notes to the Financial Statements
for the year ended 30 June 2020

33. Deed of Cross Guarantee (continued)

(c) Consolidated Balance Sheet

Set out below is a consolidated Balance Sheet as at 30 June 2020 of the Closed Group:

	2020 $'000
Current assets	
Cash and cash equivalents	26,245
Receivables	2,083
Inventories	2,835
Other	790
Total current assets	**31,953**
Non-current assets	
Property, plant and equipment	50,491
Right-of-use assets	182
Investment held at fair value	3,201
Investment in subsidiaries	597,930
Livestock	204
Intangible assets	2,508
Deferred tax assets	3,995
Total non-current assets	**658,511**
Total assets	**690,464**
Current liabilities	
Payables	10,882
Derivative financial instruments	24
Interest bearing liabilities	233
Provisions	1,563
Other	4
Total current liabilities	**12,706**
Non-current liabilities	
Intercompany payables	152,907
Provisions	754
Non-current tax liabilities	10,629
Total non-current liabilities	**164,290**
Total liabilities	**176,996**
Net assets	**513,468**
Equity	
Contributed equity	777,124
Reserves	(126,950)
Accumulated losses	(136,706)
Total equity	**513,468**

33. Deed of Cross Guarantee (continued)

(d) Consolidated Statement of Changes in Equity

Set out below is a consolidated statement of Changes in Equity for the year ended 30 June 2020 of the Closed Group:

	Contributed equity	Other equity	Reserves	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000
Total equity at 25 June 2019	777,124	-	(126,950)	(103,421)	546,753
Impact of change in accounting standard, AASB 16	-	-	-	35	35
Total restated equity at 25 June 2019	777,124	-	(126,950)	(103,386)	546,788
Loss for the year	-	-	-	(33,320)	(33,320)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(33,320)**	**(33,320)**
Total equity at 30 June 2020	**777,124**	**-**	**(126,950)**	**(136,706)**	**513,468**

Notes to the Financial Statements
for the year ended 30 June 2020

34. Remuneration of auditor

The auditor of the Group in the current year, Ernst & Young (EY), earned the following remuneration:

	June 2020 $	June 2019 $
Fees to EY Australia		
Audit of financial statements of the Group	435,303	431,800
Assurance services that are required by legislation to be provided by the auditor	-	25,000
Other services:		
Tax compliance	57,000	102,655
Destapling and restructure advice	-	317,500
Other	5,000	4,635
Total fees to EY Australia	**497,303**	**881,590**
Fees to other overseas member firms of EY Australia (US)		
Audit of financial statements of the Group and financial statements of Main Event	495,895	231,536
Other services:		
Tax compliance	-	91,354
Tax advice	192,856	-
Restructure tax advice	-	135,803
US GAAP accounting advice	73,583	-
Total fees to overseas member firms of EY Australia (US)	**762,334**	**458,693**
Total auditors' remuneration	**1,259,637**	**1,340,283**

35. Equity-based payments

(a) Deferred Short Term Incentive Plan (DSTI)

	DSTI
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the DSTI.
What types of securities are issued?	Performance rights that can be converted into fully paid shares 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.
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 year 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.

(i) Equity settled payments

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.

A total of 168,995 performance rights vested during the year and a corresponding number of shares/securities were issued to employees under the terms of the DSTI (2019: 436,379).

The characteristics of the DSTI indicate that, at the Group level, it is an equity settled payment under AASB 2 *Share-based Payment* as the holders are entitled to receive shares as long as they meet the DSTI's service criteria.

Fair value

The fair value of equity settled 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 shares.

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 financial period takes into account the most recent estimate.

Notes to the Financial Statements
for the year ended 30 June 2020

35. Equity-based payments (continued)

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

(ii) Valuation inputs

For the performance rights outstanding at 30 June 2020, 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. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 30 June 2020:

Grant	2018	2019
Grant date	24 June 2019	22 August 2019
Vesting date – year 1	29 August 2019	31 August 2020
Vesting date – year 2	31 August 2020	31 August 2021
Average risk-free rate	1.50% per annum	0.74% per annum
Expected price volatility	32.0% per annum	33.0% per annum
Expected distribution yield	2.5% per annum	2.0% per annum
Share/security price at grant date	$1.03	$1.18
Valuation per performance right on issue	$0.98	$1.14

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.

(iii) 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 number of rights outstanding and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Grant date Valuation per right - ALG	Balance at the beginning of the year	Granted	Exercised	Failed to vest	Cancelled	Balance at the end of the year
29 Sep 2017	29 Aug 2019	$Nil	177.5 cents	142,167	-	(142,167)	-	-	-
24 Jun 2019	31 Aug 2020	$Nil	98.3 cents	54,331	-	(26,828)	(678)	(5,340)	21,485
22 Aug 2019	31 Aug 2021	$Nil	114.5 cents	-	51,244	-	-	-	51,244
				196,498	**51,244**	**(168,995)**	**(678)**	**(5,340)**	**72,729**

The rights have an average maturity of six months.

(b) Long Term Incentive Plan (LTIP)

Who can participate?	All executives are eligible for participation at the discretion of the Board.
What types of securities are issued?	The LTIP is typically granted in the form of performance rights that can be converted into fully paid shares when and if vested. Performance rights do not carry any voting or distribution entitlements.
What restrictions are there on the securities?	Performance rights are non-transferable. Executives may not hedge any portion of their unvested awards.

Notes to the Financial Statements
for the year ended 30 June 2020

35. Equity-based payments (continued)

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

Is there a performance gateway?

For any rights to vest under the LTIP, an initial gateway performance hurdle must be met or exceeded. The gateway hurdle is a minimum return on equity target equal to or greater than 2.5x the 10 year bond yield rate for Australian Government bonds.

When can the performance rights vest?

The plan contemplates that the performance rights will vest equally two, three and four years following the grant date, subject to making vesting conditions.

What are the vesting conditions for Australian employees?

Assuming the performance gateway is achieved, whether the performance rights that can vest do in fact vest is determined as follows:

- 50% is subject to a relative total shareholder return (TSR) performance hurdle; and
- 50% is subject to a compound earnings per share (EPS) performance hurdle.

What are the vesting conditions for US employees?

Assuming the performance gateway is achieved, whether the performance rights that can vest do in fact vest is determined as follows:

- 1/3rd is subject to a relative TSR performance hurdle;
- 1/3rd is subject to a compound EPS performance hurdle; and
- 1/3rd vests automatically provided the executive has remained in continuous employment since the date of grant.

What is relative TSR and how is it measured?

Relative 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, measured against the return of an external benchmark. The relative TSR definition takes account of both capital growth and distributions.

Relative TSR is measured against the S&P/ASX 200 Industrials Index over the performance period. Relative TSR performance is measured by an independent third party. The vesting schedule for the portion of the grant subject to the relative TSR performance condition is as follows:

The vesting scale is as follows:

Relative TSR performance	Proportion of performance rights vesting
Below 50th percentile	0%
50th percentile	50%
Between 50th percentile and 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or higher	100%

What is EPS and how is EPS measured?

The EPS hurdle refers to the compound annual growth of earnings (CAGR) per security over the vesting period.

The vesting schedule for the portion of the grant subject to EPS performance is as follows:

FY17 grant	Proportion of performance rights vesting
Below 5%	0%
5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% or higher	100%
FY18 and FY19 grants	
Below 8%	0%
8%	50%
Between 8% and 13%	Straight-line vesting between 50% and 100%
13% or higher	100%

35. Equity-based payments (continued)

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

(i) Equity settled payments

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 which vest in accordance with the terms set out in the table above. 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 S&P/ASX Small Industrials Index.

During the year, the relative TSR and EPS performance of the Group was tested in accordance with the LTIP for tranches issued in 2013, 2014 and 2015 with the following results:

Tranche	ROE	Vesting percentage	TSR	Percentile	Vesting percentage	Group CAGR EPS	Vesting percentage
T3-2016	(3.70%)	-	(76.04%)	3.43	-	n/a(1)	-
T2-2017	(6.53%)	-	(76.50%)	10.45	-	(277.72%)	-
T1-2018	(10.63%)	-	(76.52%)	7.14	-	423.32%(2)	-

(1) Mathematically, CAGR cannot be computed when there is a positive EPS in the first year, a negative EPS in the last year and an even number of years over which it is being measured. However, as EPS has declined over the measurement period, it has by definition failed to meet the minimum vesting hurdle of 5% CAGR EPS growth.

(2) Mathematically, CAGR is positive due to increase in losses over the test period. However, as EPS has declined over the measurement period, it is deemed to have failed to meet the minimum vesting hurdle.

No LTIP performance rights vested on 29 August 2019 (2019: 78,422).

The characteristics of the LTIP indicate that, at the Group level, it is an equity settled payment under AASB 2 *Share-based Payment* as the holders are entitled to the shares/securities as long as they meet the LTIP's service and performance criteria.

Fair value

The fair value of the equity settled 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 shares/securities.

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 financial period takes into account the most recent estimate.

(ii) Valuation inputs

For performance rights outstanding at 30 June 2020, 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. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 30 June 2020:

Grant	2016	2017	2018
Grant date	23 August 2016	29 September 2017	27 June 2019
Vesting date – year 2	24 August 2018	29 August 2019	31 August 2020
Vesting date – year 3	29 August 2019	31 August 2020	31 August 2021
Vesting date – year 4	31 August 2020	31 August 2021	31 August 2022
Average risk-free rate	1.40% per annum	2.00% per annum	1.00% per annum
Expected price volatility	40.0% per annum	42.0% per annum	32.0% per annum
Expected distribution yield	5.0% per annum	1.6% per annum	2.0% per annum
Stapled security price at grant date	$2.50	$1.82	$1.08
Valuation per performance right on issue			
US employees	$1.51	$0.65	$Nil
Australian employees	$1.51	$0.19	$Nil

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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35. Equity-based payments (continued)

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

(iii) Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's Gateway, TSR and/or the EPS performance hurdles as set out above must be met. The number of rights outstanding and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Grant date valuation per right	Balance at the beginning of the year	Granted	Exercised	Failed to vest	Cancelled	Balance at the end of the year
15 Dec 2015	31 Aug 2019	$Nil	100.2 cents	182,438	-	-	(182,438)	-	-
23 Aug 2016	31 Aug 2020	$Nil	120.7 cents	173,530	-	-	(86,765)	-	86,765
29 Sep 2017	31 Aug 2021	$Nil	47.5 cents	1,272,181	-	-	(424,050)	(214,832)	633,299
27 Jun 2019	31 Aug 2022	$Nil	0.0 cents	-	191,394	-	-	-	191,394
				1,628,149	**191,394**	**-**	**(693,253)**	**(214,832)**	**911,458**

The rights have an average maturity of 10 months.

The expense recorded in the Group financial statements in the year in relation to the DSTI and LTIP performance rights was $136,771 (2019: $7,255).

36. Related party disclosures

(a) Directors

The following persons have held office as Directors of the Company during the period and up to the date of this report unless otherwise stated:

Gary Weiss AM;
David Haslingden;
Randy Garfield;
Brad Richmond; and
Antonia Korsanos (resigned 30 June 2020).

(b) Parent entity

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

(c) Key controlled entities

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

Entity	Activity	Country of establishment	Class of equity securities
Controlled entities of Ardent Leisure Group Limited:			
Ardent Leisure Trust	Theme parks	Australia	Ordinary
Ardent Leisure Limited	Theme parks, Corporate	Australia	Ordinary
Ardent Leisure US Holding, Inc	Family entertainment centres	USA	Ordinary

(d) Transactions with related parties

(i) Key management personnel

	2020 $	2019 $
Short term employee benefits	2,779,227	3,175,826
Post-employment benefits	59,805	80,063
Termination benefits	-	88,067
Share-based payments	126,500	59,612
	2,965,532	**3,403,568**

Remuneration of key management personnel (KMP) is shown in the Directors' report from pages 12 to 23.

(e) Loans to KMP

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

(f) Other transactions with KMP

Any agreements entered have been on normal commercial bases and fees and transactions have been based on normal commercial terms and conditions.

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.

Notes to the Financial Statements
for the year ended 30 June 2020

36. Related party disclosures (continued)

(g) Transactions with related parties

All transactions with related parties 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 6(f). The transactions incurred in the year with controlled entities were as follows:

	2020 $	2019 $
Income from sale of services to related parties	36,570	-
Reimbursable expenses paid to related parties	(126,104)	(145,277)

37. Parent entity financial information

Subsequent to the destapling and corporatisation of the Group, effective 24 December 2018, the parent entity of the Group is Ardent Leisure Group Limited.

(a) Summary financial information

	2020 $'000	2019 $'000
Balance sheet		
Current assets	2,412	1,729
Total assets	249,000	534,617
Equity		
Contributed equity	777,124	777,124
Retained earnings	(528,124)	(242,507)
Total equity	**249,000**	**534,617**
Loss for the period	**(285,617)**	**(242,507)**
Total comprehensive loss for the period	**(285,617)**	**(242,507)**

Prior year comparative amounts have been restated to reflect an impairment of $244.2 million in the carrying value of the parent entity's investment in subsidiaries, that was not previously recognised in the year ended 25 June 2019.

(b) Guarantees

There are no material guarantees entered into by Ardent Leisure Group Limited in relation to the debts of its subsidiaries.

(c) Contingent liabilities

On 25 October 2016, an incident occurred on the Thunder River Rapids ride at Dreamworld resulting in four fatalities at the Theme Park. The incident was investigated by the Queensland Police Service and Workplace Health and Safety Queensland (WHSQ). A Coronial Inquest took place over several hearings throughout 2018 and concluded in December 2018. The Coroner's findings and recommendations were handed down on 24 February 2020. The Coroner cannot (and did not) make any formal finding of guilt on the part of Ardent Leisure Limited (ALL) or any other person or entity and cannot (and did not) impose any pecuniary fine or penalty. In his Report, the Coroner referred the matter back to the WHSQ prosecutor to consider "*whether there is sufficient evidence to proceed to prosecution [against ALL]*".

On 21 July 2020 the Queensland Work Health and Safety Prosecutor filed three charges against ALL pursuant to section 32 of the *Work Health and Safety Act 2011 (Qld)* in relation to the incident, with each charge carrying a maximum penalty of $1.5 million. ALL pleaded guilty to all three charges on 29 July 2020. The matter has been set down for sentencing on 28 September 2020.

A number of civil claims by families and other affected persons have been made against ALL and have either been settled or are in the process of being dealt with by the Company's liability insurer. The statutory time period for bringing civil claims has now passed.

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The claim has not been quantified by the plaintiff and is not fully particularised, therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any). The Company has indicated that it believes the proceedings to be without merit and that it will vigorously defend them.

37. Parent entity financial information (continued)

(c) Contingent liabilities (continued)

The Company maintains appropriate insurances to respond to litigation and regulatory action and the majority of associated costs.

Unless otherwise disclosed in the financial statements, Ardent Leisure Group Limited has no other material contingent liabilities.

(d) Contractual commitments for the acquisition of property, plant and equipment

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2020 $'000	2019 $'000
Property, plant and equipment		
Payable:		
Within one year	-	-
	-	-

(e) Accounting policy

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

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries are recognised as income in the parent entity's income statement.

Tax consolidation legislation

Ardent Leisure Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Ardent Leisure Group 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 Group 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 also entered into a tax funding agreement, effective for the year ended 31 March 2020, under which the wholly-owned entities fully compensate Ardent Leisure Group Limited for any current tax payable assumed and are compensated by Ardent Leisure Group 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 Group 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.

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.

Directors' declaration to shareholders

In the opinion of the Directors of Ardent Leisure Group Limited:

(a) The financial statements and notes of Ardent Leisure Group Limited set out on pages 27 to 85 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 Ardent Leisure Group Limited's financial position as at 30 June 2020 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial year ended on that date;

(b) There are reasonable grounds to believe that Ardent Leisure Group Limited will be able to pay its debts as and when they become due and payable;

(c) Note 1 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 Closed Group identified in Note 33 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 33.

The Directors have been given the certifications required by Section 295A of the Corporations Act 2001.

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

Gary Weiss AM
Chairman

Brad Richmond
Director

Sydney
26 August 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the members of Ardent Leisure Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ardent Leisure Group Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2020, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of their financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Going concern assessment

Why significant	How our audit addressed the key audit matter
As set out in Note 1(f) of the financial report, there remains continuing uncertainty regarding the severity and duration of COVID-19 and the impact that it may have on the operating performance of the Group. Cash flow forecasts prepared by management indicate that there are sufficient cash reserves and access to existing debt facilities to continue to support the going concern assumption. We consider the going concern assessment to be a key audit matter due to the uncertainty related to the impact that COVID-19 may have on the financial forecasts of the Group that underpin the assessment of its ability to continue as a going concern.	Our audit procedures included the following: - We discussed with management the Group's plans in the context of COVID-19. - We reviewed the Group's cash flow forecasts for the period to 31 August 2021. - We challenged management's assumptions in the cash flow forecasts which included re-opening dates, attendance, visitation statistics and operating costs. - We performed a sensitivity analysis on the cash flow forecasts. - We reviewed the term loan agreement with Queensland Treasury Corporation executed subsequent to 30 June 2020. - We reviewed the US debt facility agreements and covenant arrangements and considered the potential impact on the going concern assessment for the Group. - We assessed the adequacy of the Group's disclosures in respect of the assessment of going concern.

2. Carrying Value of Theme Parks

Why significant	How our audit addressed the key audit matter
Theme Park assets are carried in the Group's balance sheet at 30 June 2020 at $118.8 million after a revaluation decrement of $11.4 million and impairment of $5 million was recognised in the year. COVID-19 resulted in the closure of the Theme Park assets on 23 March 2020 and they remained closed as at year-end. The Directors engaged an external valuation expert at 30 June 2020 to assist in the valuation of Theme Park assets. As disclosed in Note 16, the valuation of Theme Parks is inherently subjective. The valuations are based upon a number of assumptions which are judgmental in nature, including attendance, cash flow forecasts, discount rates and growth rates. A small difference in any one of the key market input assumptions, when aggregated, could result in a significant change to the valuation of Theme Parks. As at 30 June 2020 there is significant valuation uncertainty arising from the COVID-19 pandemic. This means that the Theme Parks' value may change significantly and unexpectedly over a relatively short period of time. Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'significant valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.	Our audit procedures included the following: - We considered the competence, capability and objectivity of the external valuation expert. - We reviewed the reports of the external valuation expert and held discussions with them to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions such as the attendance, discount or growth rate and future forecast attendance. - We involved our real estate valuation specialists to assist in evaluating the appropriateness of the methodology and the reasonableness of certain key assumptions used in the external valuations. - We tested the mathematical accuracy of cash flow models and compared relevant data used by the external valuation expert to Board approved budgets for the 2021 financial year. - We also considered the historical accuracy of both the Group and the external valuation expert in forecasting future cash flows and growth rates.

In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the Theme Park asset valuations and the market conditions at 30 June 2020.

We have, therefore, considered this a key audit matter due to the number of judgments required in determining fair value. For the same reasons we consider it important that attention is drawn to the information in Note 16 in assessing the Theme Park valuations at 30 June 2020

- We assessed the adequacy of the Group's disclosures in Note 16 in respect of asset carrying values, key assumptions, sensitivity analysis and the current valuation uncertainty.

3. Main Event Recoverability of assets

Why significant

The Group has US$243 million of property, plant and equipment held at cost as at 30 June 2020 related to Main Event.

The Group performed an impairment test at 30 June 2020 related to the recoverability of property, plant and equipment at each Main Event location. This resulted in an impairment loss of U$2.2 million being recognised.

This was considered a key audit matter due to the significance of the carrying value of property, plant and equipment and the judgmental nature of the assumptions underlying the discounted cash flows used in determining the recoverable amount.

Note 16 of the financial report discusses the accounting policy and management's assumptions related to these assets.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We considered management's analysis and the reasonableness of the cash flows used in the discounted cash flow model as follows:
    - We assessed the historical accuracy of management's cash flow forecasting.
    - We compared the cash flows used in the model to management's forecasts, projections of future growth and capital expenditure including the impact of COVID-19.
    - We tested the mathematical accuracy of the model.
- We considered the assumptions in respect of the discount rate used in the model, as follows:
    - We agreed key inputs to externally derived data where appropriate.
    - We conducted our own assessments with respect to other key inputs, such as projected growth and certain market and site-specific factors that contribute to cash flow forecasting risk.
    - Our valuation specialists assisted in assessing the overall discount rate used in the model with reference to internally developed benchmarks which are based on market data and industry research.
- We assessed the adequacy of the Group's disclosures in Note 16 in respect of asset carrying values and key assumptions.

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4. Main Event Goodwill Impairment

Why significant	How our audit addressed the key audit matter

The Group has $60.7 million of goodwill related to the Main Event cash generating unit (CGU).
 	
The Group performed an impairment test as at 30 June 2020 which concluded that no impairment was required.
 	
This was considered a key audit matter due to the relative size of the goodwill balance and the judgmental nature of the assumptions underpinning the discounted cash flows used in determining the recoverable amount.
 	
Note 17 of the financial report discusses the accounting policy related to these assets and discloses the sensitivity of these valuations to changes in key assumptions.
	Our audit procedures included the following:
	- We assessed the identification of CGUs with reference to the requirements of Australian accounting standards.
	- We considered the reasonableness of the cash flows used in the discounted cash flow model as follows:
	  - We assessed the historical accuracy of management's cash flow forecasting.
	  - We compared the cash flows used in the model to management's forecasts, projections of future growth and capital expenditure including the impact of COVID-19.
	  - We tested the mathematical accuracy of the model.
	- We considered the assumptions in respect of the discount rate used in the model, as follows:
	  - We agreed key inputs to externally derived data where appropriate.
	  - We conducted our own assessments with respect to other key inputs, such as projected growth and certain market and CGU-specific factors that contribute to cash flow forecasting risk.
	  - Our valuation specialists assisted in assessing the overall discount rate used in the model with reference to internally developed benchmarks which are based on market data and industry research.
	- We performed scenario-specific sensitivity tests including changes to the discount rate, forecast cash flows and projected capital expenditure.
	- We assessed the adequacy of the Group's disclosures in Note 17 in respect of asset carrying values, key assumptions and sensitivity analysis.

5. Classification of Preferred Interest

Why significant	How our audit addressed the key audit matter
As set out in Note 22 (c), on 15 June 2020, RedBird Capital Partners invested US$80 million via preferred shares into Ardent Leisure US Holdings Inc, a subsidiary of the Company. The investment was accounted for as compound financial instrument including a derivative option liability. Management engaged an external valuation expert at 30 June 2020 to assist in the valuation of the option.	Our audit procedures included the following: - We inquired with management on the terms of the agreement and inspected copies of the agreements to assess management's accounting treatment. - For the option, we reviewed the methodology used by the external valuation expert and the basis of the inputs into the calculation. - For the debt component, we agreed key inputs into the valuation to source documentation.

We considered this to be a key audit matter given the significance of the transaction, complexity of the accounting and the judgment underlying the assumptions used in calculating the allocation of value among the components as described in Note 22 (c) to the financial statements.

- We reviewed the transaction costs incurred and ensured that any costs capitalised were incremental and directly attributable to the instrument.
- We considered the adequacy of the financial report disclosures, including those relating to the valuation assumptions, as disclosed in Note 26 (b).

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 23 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ardent Leisure Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young

Ernst & Young

John Robinson
Partner
Sydney
26 August 2020

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Investor Analysis

Top investors as at 25 August 2020		No. of shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,967,874	15.21
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	61,972,871	12.92
3	CITICORP NOMINEES PTY LIMITED	25,174,310	5.25
4	KAYAAL PTY LTD	22,672,159	4.73
5	PORTFOLIO SERVICES PTY LTD	21,277,233	4.44
6	BNP PARIBAS NOMS PTY LTD	17,989,045	3.75
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	12,722,171	2.65
8	UBS NOMINEES PTY LTD	10,792,866	2.25
9	NATIONAL NOMINEES LIMITED	5,699,294	1.19
10	NETWEALTH INVESTMENTS LIMITED	5,407,382	1.13
11	RAGUSA PTY LTD	4,639,794	0.97
12	BNP PARIBAS NOMINEES PTY LTD	4,383,837	0.91
13	INVESTEC AUSTRALIA LIMITED	3,281,458	0.68
14	PAYNE MEDIA PTY LTD	3,200,047	0.67
15	RAGUSA PTY LTD	2,910,409	0.61
16	ONE MANAGED INVT FUNDS LTD	2,045,167	0.43
17	BNP PARIBAS NOMINEES PTY LTD	2,005,320	0.42
18	ALL STATES FINANCE PTY LTD	1,773,959	0.37
19	MR SHANE NEWMAN ABEL	1,515,000	0.32
20	DEEMCO PTY LIMITED	1,370,000	0.29
Total		283,800,196	59.16
Balance of register		195,905,820	40.84
Grand total		479,706,016	100.00

Range report as at 25 August 2020	No. of shares	%	No. of holders	%
100,001 and Over	353,734,937	73.74	289	2.37
10,001 to 100,000	97,451,575	20.31	3,290	26.98
5,001 to 10,000	15,609,512	3.25	2,028	16.63
1,001 to 5,000	12,025,619	2.51	4,362	35.77
1 to 1,000	884,373	0.18	2,225	18.25
Total	479,706,016	100.00	12,194	100.00

The total number of investors with an unmarketable parcel of 995,792 shares as at 25 August 2020 was 2,332.

Voting rights

In accordance with the Company's Constitution, each member present at a meeting, whether in person, by proxy, by power of attorney or by a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands and one vote for each fully paid ordinary share on a poll.

On-market buy-back

There is no current on-market-buy-back.

Substantial shareholder notices received as at 25 August 2020	No. of shares	%
The Ariadne Substantial Holder Group*	45,344,317	9.45%
FIL Ltd	30,389,058	6.33%
Sumitomo Mitsui Trust Holdings Inc	65,207,895	13.59%

* The Ariadne Substantial Holder Group includes the following companies and partnerships – Portfolio Services Pty Limited, Ariadne Holdings Pty Limited, Ariadne Australia Limited, Bivaru Pty Limited and Kayaal Pty Ltd.

Investor Relations and Corporate Directory

Corporate Governance Statement

In accordance with the ASX Listing Rules, the Group's Corporate Governance Statement is published and located in the Corporate Governance page of the Group's website (http://www.ardentleisure.com.au/Company/Corporate-Governance.aspx). A copy has also been provided 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 1300 720 560 (outside Australia)

Facsimile
+61 2 9287 0303

Website
www.linkmarketservices.com.au

Email
registrars@linkmarketservices.com.au

All other enquiries relating to your Ardent Leisure Group Limited investment can be directed to:

Ardent Leisure Group Limited
PO Box 1927
North Sydney NSW 2059

Telephone
+61 2 9168 4600

Facsimile
+61 2 9168 4601

Email
investor.relations@ardentleisure.com

Website
www.ardentleisure.com

Investor Relations and Corporate Directory

Company

Ardent Leisure Group Limited
ABN 51 628 881 603

Registered office
Level 8, 60 Miller Street
North Sydney NSW 2060

Directors

Gary Weiss AM
David Haslingden
Randy Garfield
Brad Richmond
Antonia Korsanos (resigned 30 June 2020)

Group Chief Financial Officer

Darin Harper

Company Secretary

Bronwyn Weir

ASX code

ALG

Auditor of the Group

Ernst & Young
200 George Street
Sydney NSW 2000