Ardent Leisure Group

2011 Half Year Results

ARDENT LEISURE

Contents

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HY11 commentary

- Core earnings of $26.9m up 16.0% on pcp. Core EPS 8.63c up 10.9% on pcp.
- Affordable leisure segment proving resilient to economic conditions with all divisions delivering strong revenue and earnings growth.
- Theme Parks EBITDA up 5.7%, Marinas EBITDA up 19.5%, Bowling EBITDA up 10.4%, Health Clubs EBITDA up 11.6% and Main Event EBITDA up 30.9%.
- Improved operating margins achieved in majority of divisions.
- Successful pass strategy at the Theme Parks has driven strong attendance growth despite unprecedented wet weather conditions in October and December holiday periods.
- New bowling centres at Rooty Hill, Clayton, Robina and Watergardens exceeding expectations.
- Bowling, Health Clubs and Main Event divisions ideally placed to deliver further growth through new developments and bolt-on acquisitions.
- January trading has continued positive trading trends in all divisions with Theme Parks achieving revenue growth despite the flood crisis and major leisure travel disruption in South East Queensland.

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HY11 financial summary

	HY11	HY10		
Revenue[1]	$196.0m	$178.8m	9.6%	↑
Core earnings[2]	$26.9m	$23.2m	16.0%	↑
EPS[2]	8.63c	7.78c	10.9%	↑
DPS	6.5c	6.5c		

The Group reported a statutory profit of $22.3m for the half year (prior half year $9.7 million).

Movement based on prior corresponding period (pcp)

(1) From operational activities excluding revaluations and interest income

(2) Adjusted for unrealised gain on financial instruments, property revaluations, straight-lining of fixed rent increases, pre-opening expenses, IFRS depreciation, impairment of intangible assets, amortisation of Health Clubs intangible assets, gain on sale of Bowling centre freeholds, business acquisition costs , one off termination of interest rate swap and the tax associated with any of these transactions

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Theme Parks

$'000	HY11	HY10	% Change
Total revenue	57,914	54,274	6.7
EBRITDA	22,714	21,541	5.4
Operating margin	39.2%	39.7%	
Property costs	(1,077)	(1,063)	1.3
EBITDA	21,637	20,478	5.7

Attendance[1]	1,492,776	1,056,732	41.3
Per capita spend ($)	38.80	51.37	(24.5)

(1) World Pass treated as two entries

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Theme Parks half year commentary

– Value offers ($69, 2 Parks, unlimited until 30 June) continued to drive strong attendance and total revenue above prior year.

– September school holidays featured the successful launch of the new Tower of Terror 2 (Face Gravity, Face First) attraction.

– Summer Funomenon promotion (featuring $69 summer passport deal and 10 new live shows in park) achieved revenue growth in December and January despite unprecedented wet weather.

– International markets have returned to growth through introduction of new international product offers.

– New 3D digital cinema opened (6 January) to broaden in-park offer.

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Theme Parks half year commentary

- 400 seat undercover stadium completed in December has doubled capacity of the new Australian Sheep Shearing show in time for Chinese New Year.
- QDeck was successfully relaunched and renamed Skypoint Observation Deck incorporating more local tourism and historical content.
- Skypoint kitchen construction was completed in December.
- Skypoint events business has been strong and solid growth has been achieved in international visitation.

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Theme Parks outlook

- January revenues of $12.9m, up 1.4% on January 2010.
- Despite unprecedented rain in December and January, visitation and revenue still show growth over prior year.
- Easter promotion will feature the exhibition of new exotic animal species with a strong unlimited value offer.
- Capital expenditure plan will see the launch of two new rides during 2011 to drive patronage and strengthen market share.
- Dreamworld's selection as official entertainment partner of Gold Coast Suns AFL team will create unique local and interstate marketing opportunities.
- Skypoint rebranding and kitchen will assist in building volume and margin in second half.

Marinas

$'000	HY11	HY10	% Change
Total revenue	11,159	10,560	5.7
EBRITDA	6,385	5,707	11.9
Operating margin	57.2%	54.0%	
Property costs	(1,149)	(1,327)	(13.4)
EBITDA	5,236	4,380	19.5

Marinas revenue breakdown

$’000	HY11	HY10	% Change
Berthing	5,721	5,480	4.4
Land	2,957	2,539	16.5
Fuel and other	2,481	2,541	(2.4)
Total	**11,159**	**10,560**	**5.7**

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Marinas half year commentary

- Portfolio occupancy has increased by 4% to an average of 88% for the six month period. Further yield opportunities anticipated to drive berthing revenues in second half.
- Land revenues have increased by 16.5% with land tenancies now almost fully occupied.
- Fuel volumes are down 5% due to adverse weather conditions but sales price up 3.5%.

Outlook

- January 2011 revenues of $2.4m, up 3.7% on January 2010.
- Business conditions expected to remain positive throughout the remainder of 2011.

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Bowling

AMF BOWLING | kingpin BOWLING LOUNGE | M9 LASER SKIRMISH

$'000	HY11	HY10	% Change
Total revenue	57,354	53,255	7.7
EBRITDA (ex pre-opening)	20,316	17,728	14.6
Operating margin	35.4%	33.3%	
Property costs (ex straight line rent)[1]	(10,613)	(8,936)	18.8
EBITDA[2]	9,703	8,792	10.4

(1) Increase attributable to new centres - $0.9m and sale and leaseback of freehold properties $0.7m
(2) Excluding pre-opening costs and straight line rent

Bowling revenue and EBRITDA

$'000	HY11 Revenue	HY10 Revenue	% Change	HY11 EBRITDA	HY10 EBRITDA	% Change
Constant centres	47,871	47,268	1.3	23,084	22,535	2.4
Constant centres impacted by renovations/earthquakes	2,787	3,320	(16.1)	1,324	1,614	(18.0)
Centres closed	615	2,570	(76.1)	251	1,012	(75.2)
New centres	6,045	-	-	3,145	-	-
Corporate and regional office expenses/sales and marketing	36	97	(62.9)	(7,488)	(7,433)	(0.7)
Total	**57,354**	**53,255**	**7.7**	**20,316**	**17,728**	**14.6**

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Bowling half year commentary

- New centres (AMF Clayton VIC opened April 2010, AMF Rooty Hill NSW opened June 2010, AMF Robina QLD opened June 2010 and AMF Watergardens VIC opened September 2010) outperformed expectations in terms of volume, revenue per game and operating margins to contribute substantially to revenue growth and operating margin across the portfolio.
- Refurbishment of the Perth centres (AMF Morley, AMF Cannington, AMF Rockingham) and AMF Cross Road in Adelaide saw some disruption to trade during the period.
- The New Zealand centres saw revenues contract by 8% or $162k on HY10 due to the Christchurch earthquake, an increase in GST, fuel price and subdued consumer sentiment.
- AMF launched its e-commerce platform during the period delivering pre-paid reservation capability and click-through response to digital marketing campaigns.
- Customer experience has been enhanced by conversion to digital LCD scoring monitors across the majority of the portfolio during the period.

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Bowling outlook

- January 2011 revenues of $9.8m, up 11.4% on January 2010.
- Revenues in Western Australia should be enhanced following recent refurbishment of the Perth centres.
- Refurbishment of AMF Cross Road including the addition of M9 laser skirmish is on track for relaunch prior to Easter 2011. Refurbishment of AMF Forest Hill (VIC) to include M9 planned for completion in Q4.
- The AMF loyalty program has grown to 335,000 members. The new online booking platform will increasingly facilitate cost-effective marketing campaigns.
- New licensing agreements with the AFL and NRL will see the relaunch of themed bowling leagues across the AMF portfolio to coincide with the football seasons.
- Addition of further laser skirmish arenas to existing bowling centres are currently in planning for delivery during the second half.
- Target to open 2-4 new centres per year with a number of sites under negotiation.

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Main Event

US$'000	HY11	HY10	% Change
Total revenue	24,006	20,972	14.5
EBRITDA	7,254	6,211	16.8
Operating margin	30.2%	29.6%	
Property costs	(2,943)	(2,917)	0.9
EBITDA	4,311	3,294	30.9

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Main Event

US$'000	HY11 Revenue	HY10 Revenue	% Change	HY11 EBRITDA	HY10 EBRITDA	% Change
Constant Centres	24,006	20,972	14.5	8,963	7,721	16.1
Corporate and regional office expenses/sales and marketing	-	-	-	(1,709)	(1,510)	13.2
Total	**24,006**	**20,972**	**14.5**	**7,254**	**6,211**	**16.8**

Main Event commentary

- Total revenue grew 14.5% over prior year driving exceptional EBITDA growth of 30.9%.
- New menu initiatives drove food and beverage revenues 21% and increases were recorded across all other revenue categories.
- Marketing campaigns focused on price/value and guest experience, drove strong traffic increases.
- Events business up 30% and walk-in up 10%.
- Disciplined cost management helped improve operating margins and flow-through.
- Bowling refurbishments were completed in Lewisville, Plano and Shenandoah. Laser tag remodels were completed in Plano and Fort Worth and Bocce Ball has been introduced in Plano.

Outlook

- January sales of US$4.7m, up 12.2% on prior year.
- The US economy continues to improve with Texas leading the recovery. Main Event benefiting from improved consumer and business confidence.
- New centre development efforts are focused on identifying low risk, high potential sites in the Texas metro areas with attractive rent and landlord fitout contributions.

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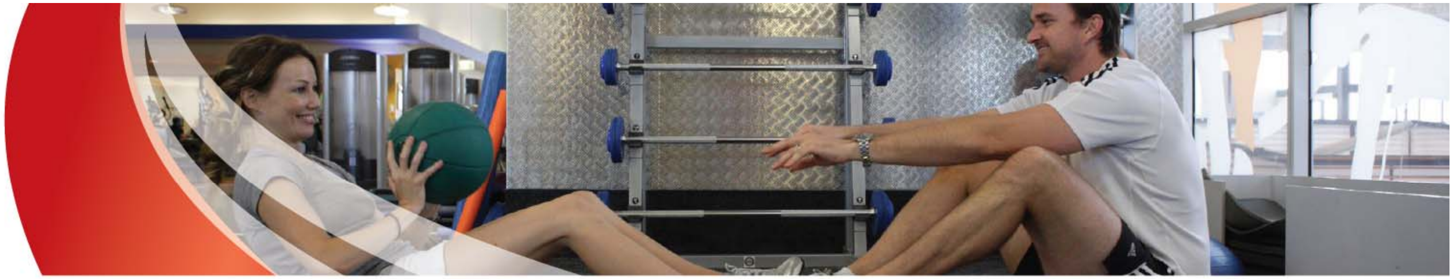

Health Clubs

Goodlife HEALTH CLUBS

$'000	HY11	HY10	% Change
Total revenue	43,447	35,856	21.2
EBRITDA (ex pre-opening)	16,537	14,106	17.2
Operating margin	38.1%	39.3%	
Property costs (ex straight line rent)	(8,102)	(6,546)	23.8
EBITDA[1]	8,435	7,560	11.6

(1) Excluding pre-opening costs and straight line rent

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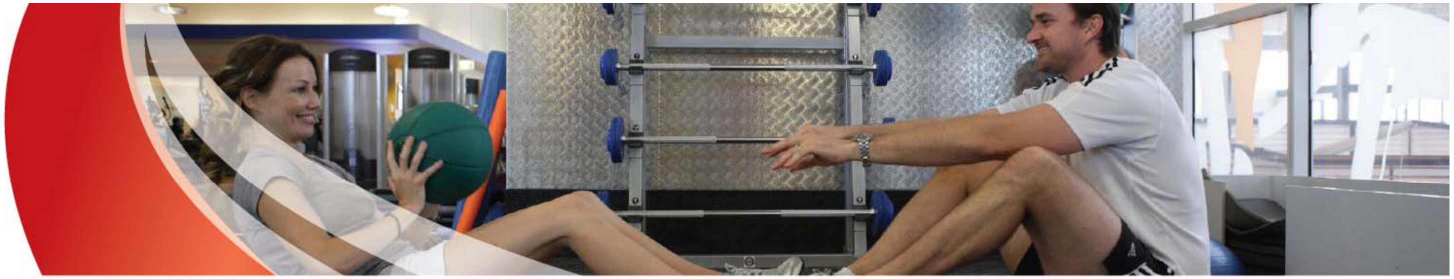

Health Clubs

$'000	HY11 Revenue	HY10 Revenue	% Change	HY11 EBRITDA	HY10 EBRITDA	% Change
Constant clubs	37,462	36,012	4.0	17,231	16,871	2.1
New clubs	5,908	-	-	2,120	-	-
Corporate and regional office expenses/sales and marketing	77	(156)	(149.4)	(2,814)	(2,765)	1.8
Total	**43,447**	**35,856**	**21.2**	**16,537**	**14,106**	**17.2**

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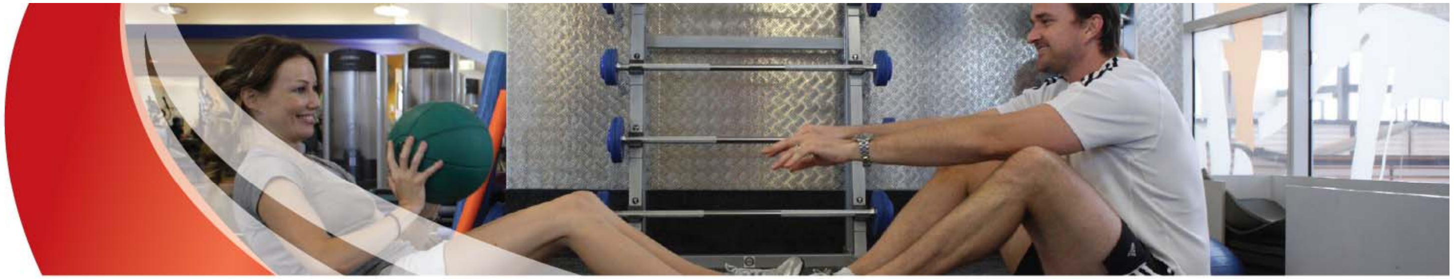

Health Clubs half year commentary

- Strong first half performance across the business. EBRITDA up 17.2% on prior year to $16.5m. Constant centre revenues up 4.0%.
- Improved sales delivery and management has seen membership numbers grow by 2.2%.
- Focus on prior year underperforming clubs has been successful and contributed to positive member growth.
- Focus on labour management through automated payroll system has delivered operational efficiencies and a reduction in underlying payroll costs.
- WA refurbishments completed in December and now trading above expectations.
- Presales at new Cross Roads (SA) club above expectations with centre open as planned in mid-February 2011.
- Membership yield management initiatives maintaining average price in competitive market.

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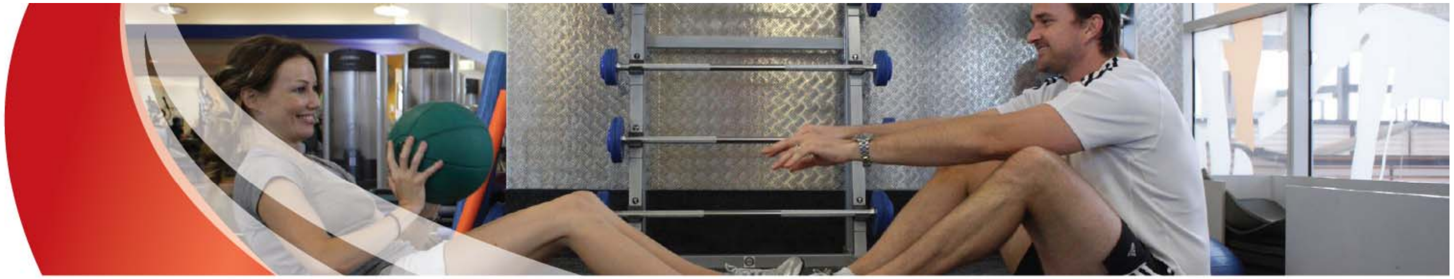

Health Clubs outlook

- January 2011 revenues of $7.0m, up 24.0% on January 2010.
- Second half to be positively impacted by better than forecast first half sales results and opening of Cross Roads.
- Earnings from WA portfolio expected to increase as a result of refurbishments.
- Refurbishments at No 1 Martin Place (NSW), Ashgrove (QLD), Mitcham and Burnside (SA) due for completion in second half.

Group financial results for the half year ended 31 December 2010

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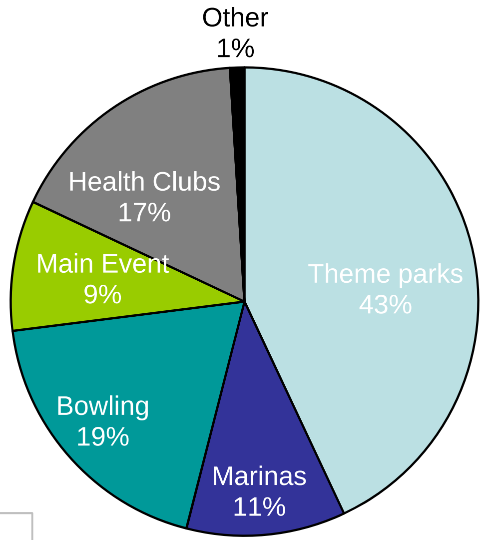
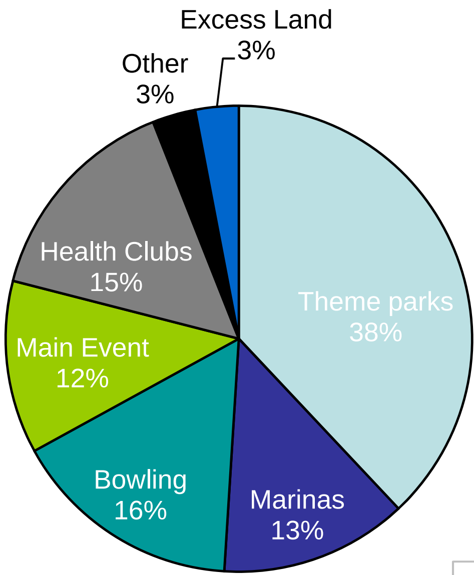
Profit and asset breakdown

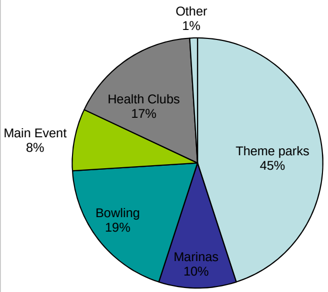
Dec 10 Division EBITDA



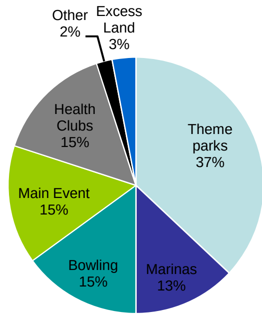
Dec 10 Total Assets



Dec 09 Division EBITDA



June 10 Total Assets



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$ million	HY11 Theme Parks	HY11 Marinas	HY11 Bowling	HY11 Main Event	HY11 Health Clubs	HY11 Other	HY11 Group Total	HY10 Group Total	HY10 % Change
Operating revenue	**57.9**	**11.2**	**57.4**	**25.2**	**43.4**	**0.9**	**196.0**	**178.8**	**9.6**
Division EBRITDA[1]	**22.7**	**6.4**	**20.3**	**7.7**	**16.5**	**0.3**	**73.9**	**66.7**	**10.8**
Property costs[2]	(1.1)	(1.1)	(10.6)	(3.1)	(8.1)	-	(24.0)	(21.2)	13.2
Division EBITDA[1,2]	**21.6**	**5.3**	**9.7**	**4.6**	**8.4**	**0.3**	**49.9**	**45.5**	**9.7**
Depreciation and amortisation[3]	(2.3)	(0.3)	(3.8)	(2.4)	(1.6)	(0.4)	(10.8)	(10.0)	8.0
Division EBIT[1,2,3]	**19.3**	**5.0**	**5.9**	**2.2**	**6.8**	**(0.1)**	**39.1**	**35.5**	**10.1**
Corporate costs[4]							(3.5)	(3.7)	(5.4)
Management fees							-	(0.4)	(100.0)
Gain/(loss)disposal of assets[4]							0.3	(0.1)	400.0)
Other income/expenses (including derivative gains and losses)[4]							0.2	0.1	100.0
Interest income							0.3	0.2	50.0
Interest expense							(8.6)	(8.3)	3.6
Tax[4]							(1.2)	(0.8)	50.0
Finance costs attributable to minority interests							0.3	0.7	(57.1)
Core earnings							**26.9**	**23.2**	**15.9**

(1) Excludes pre-opening costs
(2) Excludes straight line rent
(3) Excludes IFRS depreciation and Health Clubs amortisation
(4) Normalised to exclude adjustments to core earnings – see slide 26

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Core earnings reconciliation to statutory profit $ million	HY11	HY10	% Change
Core earnings	**26.9**	**23.2**	**15.9**
Pre-opening costs	(0.3)	(0.1)	200.0
Straight line rent expense	(1.3)	(1.1)	18.2
IFRS depreciation	(2.8)	(2.5)	12.0
Amortisation of Health Clubs intangibles	(1.2)	(1.2)	-
Impairment of Goodwill	(0.5)	(8.5)	(94.1)
Revaluations	-	(1.3)	(100.0)
Unrealised gain on derivatives	5.1	1.7	200.0
Termination of US$ interest rate swap	(3.9)	-	
Gain on sale of Bowling freehold properties	-	1.3	100.0
Acquisition costs	-	(2.1)	100.0
Tax impact of adjustments	0.3	0.3	-
Statutory profit	**22.3**	**9.7**	**129.9**

Consolidated group ($ million)	31 December 2010	30 June 2010
Assets		
Theme Parks	265.9	259.1
Excess land	20.0	20.0
Marinas	90.9	89.3
Bowling	111.7	107.2
Main Event	86.0	103.1
Health Clubs	102.9	101.2
Other	16.3	17.1
Total Assets	**693.7**	**697.0**
Liabilities		
Bank debt	197.4	199.7
Other	69.5	73.6
Total Liabilities	**266.9**	**273.3**
Net Assets	**426.8**	**423.7**
NTA	**$0.95**	**$0.92**

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Property valuations

Property	No. of Assets	Last independent valuation	Book value[1] Pre reval $m	Book value Post reval $m	Change $m	% change	Valuation methodology
DW/WWW	2	235	238.3	238.3	-	-	Cap rate/DCF
Excess land	1	20.0	20.0	20.0	-	-	Direct comparison
Marinas	7	88.0	89.0	89.0	-	-	Cap rate/DCF
Bowling Freeholds	1	1.9	1.9	1.9	-	-	Vacant possession, highest and best use
Main Event Freeholds	3	19.4	18.9	19.4	0.5	2.6	Vacant possession, highest and best use
Skypoint Freehold	1	9.0	9.7	9.9	0.2	2.1	Vacant possession, highest and best use
Total	**15**	**373.3**	**377.8**	**378.5**	**0.7**	**0.2**	

[1] Property values at 30 June 2010 plus six month capex less six month depreciation

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Capital management

Facility, interest and foreign exchange

- During the period the Group successfully refinanced and extended debt facilities bringing in NAB to partner with ANZ and paying out the remaining JP Morgan Chase US$ facility. Three year A$ facility margins more favourable to Group. Considerable savings on US$ facility margins
- At 31 December the Group has the following bank facilities:

	Facility $m	Drawn $m
A$ maturing December 2013	159.8	159.8
A$ maturing December 2014	60.0	19.3
US$ maturing December 2013	19.7	19.7
	239.5	**198.8**

- The sale of part of the excess land, contracted at $16.5m, is expected to complete by 31 March 2011 ($11.5m on settlement, $5m in 12 months)
- At 31 December 2010, Group had 62.9% of interest on debt facilities fixed through interest rate swaps
- At 31 December 2010 the weighted average rate including margin was 7.09% for A$ debt and 1.9% for US debt. A$125m is fixed at average rate of 5.68% (excluding margin)
- FY11 US$ earnings 70% hedged through foreign exchange forward contracts @ A$1.00=US$0.76

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Capital management

Covenants

— There are three covenants in place for the Group facility:

	Covenant	Group 31 December 2010
Gearing	40%	31.63%
FCCR	>1.75	1.96
Debt serviceability	<3.75	2.76

Capex

	HY11 routine capex $m	HY11 development capex $m
Theme Parks	5.4	0.7
Marinas	1.3	-
Bowling	1.6	5.5
Main Event	2.3	-
Health Clubs	1.6	0.2
Corporate	0.2	-
Total	**12.4**	**6.4**
Depreciation (excl IFRS)	10.8	

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Outlook

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Outlook

- All divisions have strong revenue and earnings growth momentum moving into second half.
- Strategy to focus on low cost affordable leisure products providing strong value for money is suited to current economic climate.
- Experienced management team continues to drive ongoing product innovation and margin improvement.
- Established operational platforms provide opportunity for additional growth through new developments and bolt-on acquisitions.
- Affordable leisure segment showing strength when compared to retail or consumer discretionary spending.
- Geographic diversity of product offerings and mix of both indoor and outdoor entertainment proving resilient to climatic conditions.
- Conservatively geared balance sheet provides significant growth funding capacity while the Group continues to offer an attractive yield to investors.

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Outlook

Theme Parks	— Continued focus on value driven pass offers — New rides planned for 2011 and further new product being planned
Marinas	— Focus on maximising yield from berthing at all marinas
Bowling	— Focus on new revenue and product initiatives at all centres — Target 2-4 new developments per year
Health Clubs	— Focus on new revenue initiatives — Will target bolt-on acquisitions in quality locations at low EBITDA multiples
Main Event	— Focus on value offers to drive walk-in customers — Continue to grow group business — Identify new sites in Texas metro areas that are low risk and have high earnings potential

Disclaimer

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