Living and Leisure Australia Group

being Living and Leisure Australia Trust ARSN 092 701 589
and Living and Leisure Australia Limited ABN 92 107 863 445

APPENDIX 4E
Preliminary Final Report
Current financial year: 30 June 2009
Previous financial year: 30 June 2008

Contents

Results for announcement to the market

	Change from previous reporting period %	Change from previous reporting period $'000	Year ended 2009 $'000	Year ended 2008 $'000
Revenue from continuing activities	7.8%	8,990	**124,281**	115,291
Profit / (loss) from continuing activities before tax	83.4%	64,643	**(12,853)**	(77,496)
Profit / (loss) from continuing activities after tax	79.4%	59,322	**(15,432)**	(74,754)

Explanation of revenue and profit	Year ended 30 June			
	Revenue		EBITDA	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
AAE Holdings Pty Ltd	**45,888**	42,525	**(166)***	(19,285)
Oceanis Holdings Limited	**69,736**	63,191	**19,266**	11,177
Treetop Walks	**4,409**	3,186	**(933)***	1,913
Property	**2,728**	5,411	**410**	(7,183)
Other	**1,520**	978	**1,585**	(24,140)
	124,281	115,291	**20,162**	(37,518)

* included in segment results is impairment losses of $10.715 million for ski and $3.204m fixed asset write-down for Treetop Walks.

Principal activities

During the year the principal activities of the Group consisted of:

(a) operation of ski lifts, ski school, ski hire, and retail and accommodation facilities at Mt Hotham and Falls Creek Alpine Resorts (Victoria), and operation of the Mt Hotham airport;

(b) operation of aquariums in Melbourne and Mooloolaba (Australia), Bangkok (Thailand), Busan (Korea) and Shanghai (China), and management of Dubai Aquarium and Underwater Zoo;

(c) operation of two 600 metre elevated treetop walk tourist attractions, and associated food and beverage / retail facilities located in the Otway Ranges (Victoria) and Illawarra Southern Highlands (New South Wales);

In addition, the Group has a property division which has overseen development at Mt Hotham and Falls Creek Alpine Resorts (Victoria), and Dinner Plain Village, Alpine Resorts (Victoria).

Explanation of profit from continuing activities

Profit from continuing activities includes depreciation and amortisation expense of $14.422 million, and finance costs of $18.593 million (interest expense $14.305 million, borrowing costs $2.617 million, interest rate swap expense $1.671 million). It also includes the impact of one-off revenue items, namely gain on debt forgiveness of $5.000 million, a fair value gain on debt restructure of $2.270 million together with a number of creditor settlements.

The result also includes the following one-off expense items, consultancy for business development of $220,000, legal consultancy for the capital restructure of $1.000 million, terminated project cost of $682,000, employee retention payments of $180,000, employee recapitalisation bonuses of $250,000 and prior year costs relating to discontinued greenfield opportunities of $863,000 and impairment costs relating to the ski business.

The prior year included the impact of one-off items, namely an asset impairment write-down of $29.100 million, losses associated with the unsuccessful take over bid of Tourism Holdings Limited of $8.763 million (which included capitalised project costs written-off in relation to this bid of $3.044 million).

Comments on the operations and the results of those operations are set out below:

(a) Ski fields

For the 12 months ended 30 June 2009, the ski fields had segment revenue of $45.888 million (2008: $42.525 million). Despite low natural snow falls early in the 2008 season, the business was able to achieve an increase in skier days and revenue thanks to additional snowmaking infrastructure which was implemented in the summer of 2007/8 across pertinent ski areas, providing resilience to financial performance when natural snowfalls are low. The 2009 season commenced well with good early snow falls driving improved year on year visitations for June.

An impairment write-down of $10.715 million [2008: $29.100 million] was recorded against goodwill of the ski fields segment during the year. Fixed assets were written up following a revaluation, which was taken to reserves in the balance sheet.

(b) Aquariums

LLA's aquarium business Oceanis has delivered strong results for the Group during difficult and challenging times. The $28.000 million expansion of the Melbourne Aquarium opened to visitors on 28 November 2008, doubling the footprint of the attraction. The expansion incorporates the new world class Antarctica exhibit, featuring the only display of King and Gentoo Penguins in Australia. Visitations have been strong post opening, compensating for the reduced numbers throughout the construction phase. During the first six months of operations the exhibit has delivered increased visitations and yields compared to budgeted expectations.

LLA's Shanghai Chang Feng Ocean World in China has reported exceptional performance over the year, delivering continued year-on-year improvements. The expansion of the Mammal Stadium, officially opened in May 2009, is expected to increase visitations into 2010. Siam Ocean World in Bangkok has delivered strong operating performance, in spite of the ongoing local political uncertainties.

Busan Aquarium on Haeundae Beach in South Korea has been affected by the global economic situation, with domestic tourism and consumer sentiment suffering markedly in the first half of the year. However there have been very positive signs with noted improvements in visitations in the second half of the year, creating momentum which has carried on into the northern summer months of the new year. UnderWater World at Mooloolaba on Queensland's Sunshine Coast experienced reduced patronage during the first half however it too began to show some improvement in the second half of the year and having recently engaged a new marketing strategy, we believe is well placed to take advantage of the significant Brisbane population catchment at its doorstep.

(c) Treetop Walks

Otway Fly is a 600 metre elevated walk in the rainforest treetops in the Otway Ranges (Victoria), along the Great Ocean Road. Whilst visitation has been consistent, the EBITDA contributions for this asset are below expectations of the Group. Management are currently reviewing a number of strategies with a view to reinventing the attraction to target additional demographics which will in turn drive visitations.

During the year the acquisition of Illawarra Fly in New South Wales was completed. This attraction has drawn steady numbers however performance is below visitation and EBITDA expectations since opening in March 2008. Similar to the Otway Fly, management continues to review the operations to appropriately target marketing to potential areas of growth including the education market.

(d) Property

Four of the presold Freehold 1775 lots have settled. AAE continues to actively pursue settlement of the remaining lots, some of which are available for sale following contract rescission.

(e) Other

As noted in our explanation of profit from continuing activities, the Group's results have been impacted by a number of one-off items. These non-operational views do not impact the underlying trading performance of the Group's businesses and are shown within 'Other' in our segmental reporting.

Net tangible asset backing

	30 June 2009 $	30 June 2008 $
Net tangible asset backing per stapled security	**0.03**	0.01

Explanation of dividends

No dividend have been paid or declared since the end of the financial year and no dividends have been proposed or provided for by the directors of the Group.

Rights issue

In August 2008 the Group has successfully completed a rights issue that raised $100 million with issue of 2,500,000,000 new stapled securities. Under the rights offer the Group received valid subscriptions for 105,123,557 new securities. The Underwriter, Arctic LES (Ireland) Limited, together with Morgan Stanley and Goldman Sachs through its wholly owned subsidiary Triumph II Investments (Ireland) have subscribed in aggregate for 2,394,876,443 new securities to raise $100 million. The purpose of the rights issue was to repay the senior secured lender, reduce debt and pay creditors.

Refinancing of senior and mezzanine facilities

In August 2008 the Group successfully refinanced both the senior secured facility and the unsecured facility with related entities, including discharging its senior secured facility and entering into new senior secured term and working capital facilities for a five year term.

A new $50 million long term and $10 million working capital facility was established with a new senior secured lender.

The secured facilities were restructured to long term mezzanine facilities with the existing lender and incoming major security holders. The long term mezzanine facility is $71 million, following a debt forgiveness of $5 million. Subsequent to the refinancing the Group has surety over its financing arrangements.

Acquisition of the Responsible Entity by Arctic Capital Limited

As at 26 September 2008 Arctic Capital Limited acquired the entire issued capital of the Responsible Entity, Living and Leisure Australia Management Limited from Octaviar Financial Services Pty Ltd. Living and Leisure Australia Management Limited has not held any stapled securities or options in the Living and Leisure Australia Group during the year.

Details of controlled entities

On 30 June 2009 the Group finalised the acquisition of The Fly Control Company Pty Ltd, the operator of "The Illawarra Fly", a 600 metre elevated steel walk in the rainforest treetops in the Illawarra Hinterland in New South Wales. A total consideration of $11.874 million was paid over three intervals, with economic benefit transferring from 30 June 2009 post effecting final settlement. The Fly Control Company Pty Ltd was consolidated into the Group from 1 October 2008, when the Group was deemed to have 50% ownership and effective control. The trading period between 16 September 2008 and 1 October 2008 is considered to be immaterial and was not consolidated. The acquired business contributed revenues of $1.566 million and EBITDA of $0.700 million to the Group, from 1 October 2008 to 30 June 2009. The full 12 month revenue and EBITDA for this entity was $2.113 million and $0.974 million respectively. The comparative revenue for the year ended 30 June 2008 does not include any revenue associated with this entity.

There has been no other gain or loss of control of entities during the period.

Details of associate and jointly controlled entities

The Group has a 50% interest in an unincorporated joint venture (Northbank Place JV) with subsidiary entities of the Far East Consortium (a specialised property developer based in Hong Kong) to develop Northbank Place, located opposite the Melbourne Aquarium. In the prior 30 June 2008 reporting period, the Group entered into arrangements with the Far East Consortium to sell the right to receive sale proceeds from the sale of the Northbank development. The commercial substance of the agreement is that LLA has foregone its economic interest in the joint venture for consideration of $9 million. No profit or loss has been recognised in the year ended 30 June 2009 in relation to this transaction because of the Group's continuing involvement in the contractual arrangements.

Consolidated income statement

	2009 $'000	2008 $'000
Continuing operations		
Revenue	**124,281**	115,291
Cost of goods sold	**(9,767)**	(10,810)
Gross margin	**114,514**	104,481
Other income	**8,708**	-
Expenses		
Employee costs	**(44,665)**	(38,555)
Marketing costs	**(8,811)**	(7,149)
Occupancy costs	**(17,524)**	(17,134)
Responsible Entity fees	**(854)**	(761)
Proposed takeover costs	**-**	(4,028)
Project write-off costs	**(682)**	(14,372)
Impairment – Goodwill	**(10,715)**	(29,100)
Loss on disposal of available-for-sale financial assets	**-**	(5,719)
Loss on disposal of assets	**(236)**	-
Fixed asset revaluation adjustment	**(3,204)**	-
Administration and other costs	**(16,369)**	(25,181)
Interest expense	**(14,305)**	(23,176)
Borrowing costs	**(2,617)**	-
Interest rate swap expense	**(1,671)**	-
Depreciation and amortisation expense	**(14,422)**	(16,802)
Profit / (loss) before income tax	**(12,853)**	(77,496)
Income tax (expense) / benefit	**(2,579)**	2,742
Profit / (loss) for the year attributable to stapled security holders	**(15,432)**	(74,754)
Profit / (loss) attributable to stapled security holders reconciled by:		
- unit holders	**(5,199)**	(13,414)
- shareholders	**(10,233)**	(61,340)
	(15,432)	(74,754)
Earnings / (loss) per unit	**Cents**	**Cents**
Basic earnings / (loss) per unit	**(0.19)**	(7.4)
Diluted earnings / (loss) per unit	**(0.19)**	(7.4)

Notes to the consolidated income statement

The impairment expense recognised in the current period relates to the write-off of the remaining goodwill relating to the acquisition of the ski business in 2006.

Consolidated balance sheet

	30 June 2009 $'000	30 June 2008 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**17,600**	8,247
Trade and other receivables	**27,825**	37,259
Inventories	**9,158**	8,073
Derivative financial instruments	-	1,273
Other current assets	**3,210**	2,090
Total current assets	**57,793**	56,942
Non-current assets		
Trade and other receivables	**-**	616
Investment properties	**2,050**	9,240
Property, plant and equipment	**242,321**	233,209
Intangible assets	**73,515**	80,115
Investments accounted for using the equity method	**4,427**	4,427
Other non-current assets	**1,348**	2,330
Total non-current assets	**323,661**	329,937
Total assets	**381,454**	386,879
LIABILITIES		
Current liabilities		
Trade and other payables	**26,716**	52,704
Provisions	**2,490**	3,112
Borrowings	**48,768**	228,641
Deferred income	**3,863**	3,667
Current tax liabilities	**171**	-
Total current liabilities	**82,008**	288,124
Non-current liabilities		
Trade and other payables	**670**	-
Borrowings	**121,340**	1,004
Deferred income	**9,434**	9,835
Provisions	**1,491**	4,056
Deferred tax liabilities	**4,573**	2,879
Other financial liabilities	**1,181**	-
Total non-current liabilities	**138,689**	17,774
Total liabilities	**220,697**	305,898
Net assets	**160,757**	80,981
EQUITY		
Contributed equity	**264,256**	166,762
Reserves	**(9,275)**	(6,971)
Retained profits / (accumulated losses)	**(95,143)**	(79,711)
Other minority interest	**919**	901
Total equity	**160,757**	80,981

Notes to consolidated balance sheet

During the year the Group has implemented a change in its accounting policy with regards to its property, plant and equipment. In order to provide more reliable and relevant information, the Group has adopted the revaluation model in accordance with AASB 116: Property, Plant and Equipment. As such the property, plant and equipment balances in the balance sheet represent the fair value at the date of revaluation (as determined by an independent accredited valuation firm) less subsequent accumulated depreciation.

Consolidated retained earnings / (accumulated losses)

	30 June 2009 $'000	30 June 2008 $'000
Retained earnings / (accumulated losses) at the beginning of the period	**(79,711)**	1,529
Prior year restatement	**-**	(850)
Net loss attributable to members	**(15,432)**	(74,754)
Dividends and other equity distributions paid or payable	**-**	(5,636)
Retained earnings / (accumulated losses at end of financial period)	**(95,143)**	(79,711)

Notes to consolidated retained earnings / (accumulated losses)
The prior year restatement relates to the inaccurate calculation of the "rent-free period" in relation to the Group's lease expense for its aquarium in Shanghai. This restatement at 30 June 2008 had the effect of increasing the provision balance by $0.850 million, increasing the unbooked tax benefit by $0.225 million, and increasing accumulated losses by $0.850 million.

Income tax
The Trust and Company are separate entities for tax purposes and are not part of the same tax consolidated group. During the current reporting period no tax is payable by the Group due to the existence of carried forward tax losses. In the opinion of the directors the carried forward tax losses remain available for use.

As such, the Company's income tax expense in the current period represents movements in deferred tax balances, as well as withholding tax paid in overseas jurisdictions.

Trust
Under current income tax legislation, the Trust is not subject to income tax, provided that the taxable income is fully distributed to unit holders, however the company is subject to income tax legislation. Tax allowances for building and plant and equipment depreciation are distributed to unit holders in the form of tax deferred components of distributions.

Consolidated statement of cash flows

	30 June 2009 $'000	30 June 2008 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**130,532**	127,328
Payments to suppliers and employees (inclusive of goods and services tax)	**(126,778)**	(96,242)
Interest revenue received	**1,008**	452
Interest and Borrowing costs paid	**(18,593)**	(14,220)
Income taxes paid	**(874)**	(977)
Net cash (outflow) inflow from operating activities	**(14,705)**	16,341
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	**(4,115)**	(14,650)
Payments for capital expenditure	**(17,880)**	(45,050)
Proceeds from sale of other financial assets	**2,728**	18,567
Loan to joint venture	**(18,092)**	(28,481)
Distribution from joint venture	**-**	3,290
Net cash outflow from investing activities	**(37,359)**	(66,324)
Cash flows from financing activities		
Proceeds from issues of stapled securities	**100,000**	-
Proceeds from borrowings	**146,797**	75,297
Costs associated with the issue of stapled securities	**(4,391)**	(5,459)
Repayment of borrowings	**(180,989)**	(21,424)
Distributions paid	**-**	(5,109)
Net cash inflow from financing activities	**61,417**	43,305
Net increase / (decrease) in cash and cash equivalents	**9,353**	(6,678)
Cash and cash equivalents at the beginning of the year	**8,247**	14,925
Cash and cash equivalents at the end of the year	**17,600**	8,247

Note to the consolidated statement of cash flows
For cash flow statement presentation purposes, cash and cash equivalents comprise current deposits with banks.

Segment information

Primary reporting format - business segments

2009	Ski fields	Aquariums	Treetop Walk	Property	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	45,888	68,820	4,409	2,728	2,436	124,281
Total revenue	**45,888**	**68,820**	**4,409**	**2,728**	**2,436**	**124,281**
Segment EBITDA	(166)*	19,266	(933)*	410	1,585	**20,162**
Depreciation and amortisation	(6,750)	(3,126)	(100)	-	(4,446)	**(14,422)**
Finance costs – interest / borrowings	(1,263)	(257)	-	-	(17,073)	**(18,593)**
Income tax credit / (expense)	-	(705)	-	-	(1,874)	**(2,579)**
Profit / (Loss) for the year	(8,179) *	15,178	(1,033)	410	(21,808)	**(15,432)**
Total assets	130,303	207,678	13,978	4,853	24,642	**381,454**
Total liabilities	(20,885)	(52,491)	(17)	-	(147,304)	**(220,697)**
Net assets	109,418	155,187	13,961	4,853	(122,662)	**160,757**

* included in segment results is impairment losses of $10.715 million for ski and $3.204m fixed asset write-down for Treetop Walks.

2008	Ski fields	Aquariums	Treetop Walk	Property	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue before property valuation gains	42,525	63,191	3,186	5,411	978	**115,291**
Total revenue	**42,525**	**63,191**	**3,186**	**5,411**	**978**	**115,291**
Segment EBITDA	(19,285)*	11,177	1,913	(7,183)	(24,140)	**(37,518)**
Depreciation and amortisation	(7,550)	(8,613)	(611)	-	(28)	**(16,802)**
Finance costs					(23,176)	**(23,176)**
Income tax credit / (expense)					2,742	**2,742**
Profit / (Loss) for the year	(26,835)*	2,564	1,302	(7,183)	(44,602)	**(74,754)**
Total assets	130,210	226,252	23,884	4,716	1,818	**386,879**
Total liabilities	(13,477)	(69,700)	(42)	(12,384)	(210,296)	**(305,898)**
Net assets	116,733	156,552	23,842	(7,668)	(208,478)	**80,981**

* included in segment results is impairment losses of $29.100 million.

Earnings per stapled security

	30 June 2009 Cents	30 June 2008 Cents
(a) Basic and diluted earnings per stapled security	**(0.39)**	(41.4)
Profit / (loss) attributable to the stapled security holders of the Group	**(10,233)**	(61,340)
(b) Basic and diluted earnings per unit	**(0.19)**	(7.4)
Profit / (loss) attributable to the unit holders of the Trust	**(5,199)**	(13,414)

(c) Weighted average number of stapled securities used as the denominator	**30 June 2009 Number**	30 June 2008 Number
Weighted average number of stapled securities used as the denominator in calculating basic and diluted earnings per stapled security	**2,622,243,317**	180,720,866
Weighted average number of units used as the denominator in calculating basic and diluted earnings per unit	**2,622,243,317**	180,720,866

There were 2,545,274,832 new stapled securities issued during the year (2008: 920,234).

All stapled securities in the Group are of the same class and carry equal rights. Under the Trust constitution, each unit in the Trust represents a right to the underlying assets of the Trust.

Earnings per stapled security is calculated based upon the Group's accounting profit / (loss) from continuing operations but does not represent earnings to be distributed from the Trust. In addition to profit from continuing operations, the Trust may also distribute capital to unit holders which is treated as a reduction in unit holders' funds.

Contingent liabilities and contingent assets

Contingent liabilities
The Group had contingent liabilities at 30 June 2009 in respect of stamp duty relating to the acquisition of AAE Holdings Pty Ltd. The matter is still being considered by the Victorian State Revenue Office. The exposure to the Group is not considered to be material.

Events occurring after balance sheet date

There are no material subsequent events occurring after balance sheet date.

Annual meeting

The annual meeting will be held as follows:

Location: Melbourne Exhibition and Conference Centre, Southbank, Melbourne

Date: 25 November 2009

Compliance statement

1. This report has been prepared in accordance with AASB standards and other AASB authoritative / pronouncements or other standards acceptable to ASX.
2. This report and the accounts upon which this report is based, use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report has been based on accounts that are in the process of being audited.
5. The entity has a formally constituted audit committee.

Signature

Print name: Donovan Newton

Date: 31 August 2009