living and leisure australia

Living and Leisure Australia Group
2010 Annual Report

About Living and Leisure Australia Group

Living and Leisure Australia Group is a leading owner and operator of a range of iconic leisure attractions throughout the Asia Pacific Region.

Living and Leisure Australia Group ("LLA" or "Group") is a stapled Group, comprising Living and Leisure Australia Trust ("Trust") and Living and Leisure Australia Limited ("Company").

The Trust is managed by responsible entity, Living and Leisure Australia Management Limited which holds an Australian Financial Services Licence 280 985. The Group is listed on the Australian Securities Exchange (ASX code: LLA). The units in the Trust and the shares in the Company are stapled together as a single stapled security, and cannot be traded separately.

LLA operates a portfolio of world-class aquariums, ski field and tree top walk attractions.

Our strategic intent is to provide an effortless and accessible way for visitors to experience, enjoy and interact with the natural environment, at their leisure.

Aquariums – owned and operated

UnderWater World, Sunshine Coast, Queensland

Melbourne Aquarium, Melbourne, Victoria

Shanghai Chang Feng Ocean World, Shanghai, China

Busan Aquarium, Busan, South Korea

Siam Ocean World, Bangkok, Thailand

Aquariums – operated

Dubai Aquarium and Underwater Zoo, Dubai, United Arab Emirates

Ski Fields

Mt Hotham, Victoria

Falls Creek, Victoria

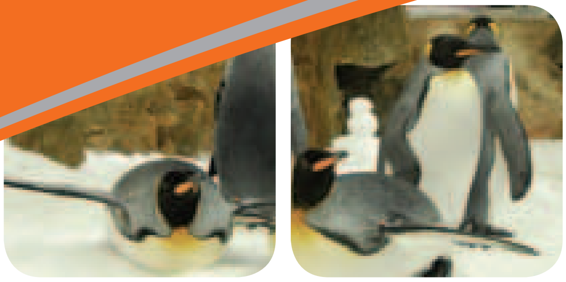
Tree Top Walks

Otway Fly, Otway Ranges, Victoria

Illawarra Fly, Knights Hill, New South Wales

Contents

Highlights



Oceanis

- Melbourne Aquarium was named winner of the Major Tourist Attraction category for 2009 at the Australian Tourism Awards
- Melbourne Aquarium celebrated its 10th anniversary
- Introduction of the Penguin Artificial Insemination Program at Melbourne Aquarium (as part of its overall Penguin Population and Genetics Management Plan)
- Introduction of new iconic marine animals at Melbourne Aquarium including fascinating Giant Pacific Octopuses, Sandbar Whaler Sharks and Sawfish along with Speartooth Sharks, which are the only freshwater shark species in captivity
- The launch of the new Shark Walker undersea diving experience at Melbourne Aquarium
- The rescue and rehabilitation of two juvenile Green Turtles at Melbourne Aquarium as part of its rescue and rehabilitation program sanctioned by the Department of Primary Industries, Ministry of Fisheries
- New seal show launched at UnderWater World
- The successful birth of a Grey Nurse Shark at UnderWater World which was UnderWater World's fifth and only the sixth birth in captivity in the world
- The successful birth of a Sandbar Whaler Shark at UnderWater World, a first at UnderWater World
- Acquisition and display for 21 Scalloped Hammerhead Sharks in Busan Aquarium, and four Hammerhead Sharks in Shanghai, a first in any aquarium on the Chinese Mainland
- The acquisition of the rare Mobula Devil Ray (similar to the Manta Ray) in Shanghai, a first in aquariums on the Chinese Mainland
- The acquisition of the incredible Bow Mouth Guitar Fish in Shanghai
- Acquisition and display of six Scalloped Hammerhead Sharks and two Smooth-Headed Hammerhead Sharks in Bangkok
- The successful construction of a new Sub-Antarctic Penguin Ice-Exhibit housing Gentoo Penguins at the Dubai Mall Aquarium Underwater Zoo, a first for the Middle East.

The Melbourne Aquarium was named winner of the Major Tourist Attraction category for 2009 at the Australian Tourism Awards.

A $2.5 million investment in snow-making infrastructure at Mt Hotham and Falls Creek ski fields was completed for the 2010 season.

Australian Alpine Enterprises

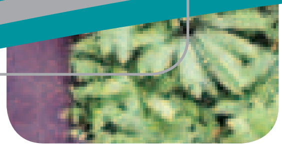
- $2.5 million investment in snow-making infrastructure at Mt Hotham and Falls Creek ski fields completed for the 2010 season
- Strong take-up of the *Super Pass* offering unlimited skiing at Mt Hotham, Falls Creek and Perisher in New South Wales
- Introduction of night skiing at Falls Creek's Wombats Ramble run – Australia's longest beginner run.

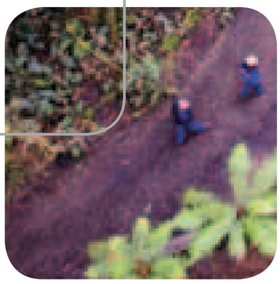
Tree Top Walks

- Zip Line Adventure Tour to be introduced at Otway Fly tree top walk in Victoria in the last quarter of 2010
- Otway Fly won an award of merit in the 2009 Victorian Tourism Awards
- Illawarra Fly was a finalist of The Australian Travel & Tourism Awards 2009 for Best Innovative Tourism Experience
- Otway Fly celebrated its one millionth visitor in January 2010
- Introduction of Sunrise Walks at Illawarra Fly in May 2010.

The new Zip Line Adventure Tour will be introduced at Otway Fly Tree Top Walk in Victoria in the last quarter of 2010.

Strategic milestones





Living and Leisure Australia Group's ("LLA" or "Group") strategic imperatives and achievements which have shaped and driven our performance include:

- Operating 10 attractions across, Australia, Asia, and the Middle East
- Achieved visitation of four million people across LLA's portfolio of attractions
- A disciplined approach to cost control measures resulting in a 4.5% reduction in total segment expenses on an adjusted basis*
- A determined focus on cash flow generation and yield-accretive, low-risk growth opportunities.

LLA's premier attractions, comprising aquariums, ski resorts and tree top walks, are strategically diversified by geography, economy and climate. These attractions also benefit from being situated in close proximity to populations with growing levels of disposable income and well-established leisure and tourism industries.

The Group is committed to driving increased visitation at its attractions through marketing and management initiatives designed to enhance the visitor experience. We are passionate in our pursuit of innovative approaches which maintain our leadership position in the provision of education and leisure-based entertainment.

Our corporate strategy is focused on maintaining strong cash flows and achieving yield-accretive, low-risk growth initiatives throughout 2011 and beyond.

Corporate

FINANCIAL

- $23.0 million in operating segment EBITDA (FY09: $24.4 million)*
- $117.5 million total operating revenue (FY09: $123.3 million)
- $12.7 million financial improvement from FY09 (FY10: net loss of $2.7 million; FY09: net loss $15.4 million).

DIRECTOR APPOINTMENTS

Glenn Wein, Head of Private Equity at Consolidated Press Holdings Limited and Chief Executive Officer of Arctic Capital Limited, was appointed as a director of Living and Leisure Australia Limited and Living and Leisure Australia Management Limited, the responsible entity of the Living and Leisure Trust on 25 November 2009.

Steve Howes, Executive Director of Archerfield Capital Partners Pty Limited, an independent advisory firm specialising in Australasian property markets, was appointed as a director of Living and Leisure Australia Limited and Living and Leisure Australia Management Limited effective 30 June 2010. Steve has more than 22 years' experience in corporate and project finance in Australia and South East Asia, including as an adviser, financier and institutional fund manager in the property industry.

* Segment EBITDA of $24.4 million for FY09 differs from the $19.2 million in EBITDA as shown in note 5(b) in the 2010 Financial Statements by $5.2 million due to adjustments to expenses for impairment write-downs of $10.715 million for Ski Field and $3.204 million for Tree Top Walks, offset by $8.7 million in non-recurring items in Other Income.

The Group is committed to driving increased visitation at its attractions through marketing and management initiatives designed to enhance the visitor experience.

KEY SENIOR MANAGEMENT APPOINTMENTS

Geoff Olson was appointed Group General Manager Oceanis in July 2010. Geoff has been with Oceanis since 1994, and involved in major initiatives at UnderWater World, Busan Aquarium, Bangkok's Siam Ocean World and Shanghai Chang Feng Ocean World. He took over the role upon the retirement of Kevin Lehmann.

Ski Fields

LLA's ski fields business Australian Alpine Enterprises ("AAE"), comprising Mt Hotham and Falls Creek in the Victorian Alps, reported a full year EBITDA of $11.7 million, up from $10.5 million in the corresponding FY09 period (after excluding the $10.715 million write-down recorded in 2009). The EBITDA result was delivered with a 4.5% increase in revenues to $47.9 million.

Despite low early natural snowfalls, good falls during the season and the use of improved snow-making facilities contributed to the strong 2009 season overall.

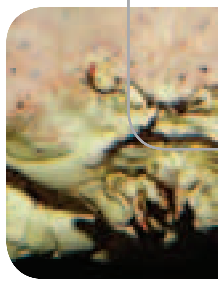
Visitation has also been supported by the introduction of the innovative *Super Pass* which provided all season access to Mt Hotham, Falls Creek and Perisher in New South Wales.

AAE is committed to ensuring Mt Hotham and Falls Creek retain their strong appeal and share of the Australian market.

During FY10, a further $2.5 million was invested in additional snow-making infrastructure to enhance the skier experience at Mt Hotham and Falls Creek throughout the entire season. Low natural snowfall during the start of the 2010 season was augmented by the improved snow-making operation, which underpinned visitation and revenue levels for June 2010. AAE has continued to perform well during the first two months of the current financial year with just one month remaining in the 2010 season.

Strategic milestones
(continued)



Property

LLA has advised that property development is not a key focus of the business. Therefore LLA is seeking to sell all “non-core” property holdings at Falls Creek, Mt Hotham and Dinner Plain in an orderly fashion, depending on market demand. The sale proceeds will be used to reduce debt as LLA continues to focus on building long-term security holder value.

During FY10 no new property sales were settled, although one sale has subsequently been agreed with settlement due in October 2010. Subdivided land held as part of the Freehold 1775 development at Mt Hotham incurs only normal holding costs on an ongoing basis and is not subject to further development costs.

LLA’s Memorandum of Understanding with the Victorian Government and the Mt Hotham Resort Management Board for the realignment of the Great Alpine Road and associated property development ended and LLA’s exclusive rights to the development ceased during the period. Any involvement in a future tender for the village development at Mt Hotham will be assessed against the tender requirements and prevailing market conditions.

Aquariums

LLA’s aquarium business, Oceanis, reported a 25% decline in its EBITDA result to $14.4 million, compared with FY09’s $19.3 million EBITDA. The FY10 result was driven by lower revenues for the segment, with attendance levels deteriorating by 7.5% over the period. The result was compounded by the adverse influence of the strong Australian dollar on overseas earnings.

LLA has maintained a strong focus on expense levels across the Oceanis business and restricted the increase in expenses to only 1% compared with the prior year.

Oceanis’ result was impacted by the well publicised political instability in Bangkok that caused the prolonged closure of Siam Ocean World, which had a profound impact on visitation and revenue levels.

LLA’s Shanghai Chang Feng Ocean World also recorded disappointing results in the face of local tourism competition from World Expo 2010 and the perceived threat of H1N1 influenza depressed visitation during the winter months.

The Busan Aquarium on Haeundae Beach in South Korea was also affected by the H1N1 influenza threat during the first half. The aquarium’s performance rebounded strongly in the second half, although the business was unable to achieve full year budget.

The Melbourne Aquarium visitation levels returned to more sustainable levels during FY10 following the higher visitation associated with the opening of the $28 million expansion of the Antarctica exhibit in November 2008.

Melbourne Aquarium was named winner of the Major Tourist Attraction category for 2009 at the Australian Tourism Awards, which is pleasing recognition for this world-class attraction.

UnderWater World's performance did not meet expectations during the period, recording a drop in profit, in the face of a difficult trading environment and discounting from competitors. Management has implemented new marketing strategies to help maximise opportunities to drive visitation.

LLA continues to manage the Dubai Aquarium and Underwater Zoo in the United Arab Emirates on behalf of the owner.

Our corporate strategy is focused on maintaining strong cash flows and achieving yield-accretive, low-risk growth initiatives throughout 2011 and beyond.

Tree Top Walks

LLA's tree top walk attractions – the Otway Fly and Illawarra Fly – contributed a combined segment EBITDA of $2 million, a $0.2 million decrease on the corresponding FY09 period, after allowing for the $3.2 million write-down in the prior year. Revenue increased by $0.2 million to $4.6 million for the year.

The Otway Fly increased revenue by 3.9% to $2.9 million in FY10, despite having lower visitation levels, while the Illawarra Fly has suffered a decline in revenue and lower visitation levels.

LLA is continuing to review the operations to appropriately target its marketing to potential growth areas.

The key challenge for the Tree Top Walk business is to achieve repeat visitation given the passive nature of the attractions. LLA is continuing to investigate additional adventure-based activities to improve overall performance of each of the attractions.

As a result of a significant review of strategies to improve the Tree Top Walks' operational performance, plans were announced in July 2010 for the construction of a world-class Zip Line Adventure Tour at the Otway Fly. LLA will invest $1.4 million in the new Zip Line and visitor centre expansion, which is expected to be operational by October 2010. The new Zip Line is expected to be yield accretive in its first year of operation.

Chair's report

Dear security holders

It is my pleasure to present to you Living and Leisure Australia Group's ("LLA" or "Group") 2010 Annual Report.

The past financial year has been a time of consolidation for each of our existing businesses as the Group confronted numerous challenges. This has been achieved through building on the strong financial footings we established during LLA's successful recapitalisation in FY09.

Our focus has been on cost control and achieving yield improvement across our attractions. A commitment to achieve corporate cost efficiencies and implement innovative marketing initiatives has also been key to our result.

We have pursued a disciplined approach to capital management, particularly concentrating on improving the Group's level of gearing.

LLA's performance in FY10 demonstrates the expertise of the Board and management as they navigated through the economic complexities presented by the Global Financial Crisis, significant interruptions to trading in Bangkok and other business challenges.

I would like to thank LLA's Chief Executive Officer, John Schryver and his management team for all their hard work, dedication and loyalty.

In particular, I would like to acknowledge the contribution of Kevin Lehmann who retired in July as Group General Manager of Oceanis, LLA's aquarium business. Kevin's wisdom and leadership have been outstanding and we wish him well in his retirement. A long time member of the Oceanis team, Geoff Olson will take over Kevin's role and I am pleased that we have been able to make this important appointment from within our Group, highlighting good succession planning and the development of our people.

At the end of the first half of FY10, each business group had achieved EBITDA exceeding the corresponding prior period, and we had been anticipating profit growth for the full year. However, this momentum was negatively impacted by a number of factors. These factors included: the protracted civil unrest in Bangkok, which severely disrupted trading at Siam Ocean World during its peak season; the lead up and opening of World Expo 2010 in China impacting visitation at the Shanghai Chang Feng Ocean World aquarium; and the challenge of competing against our own success in 2009 with the Antarctica penguin exhibit in Melbourne.

Thankfully, due to the commitment of our staff at Siam Ocean World no person or animal was harmed during the violent protests. Now the focus is on renewal and rebuilding international tourism for Bangkok and early signs are encouraging. Shanghai also now appears to be capitalising on strong Chinese national visitation to Shanghai for the World Expo.

No distribution was declared for FY10 as your Board determined the best avenue for building long-term value is through reducing debt levels. I would like to thank our security holders for supporting us in this strategy.

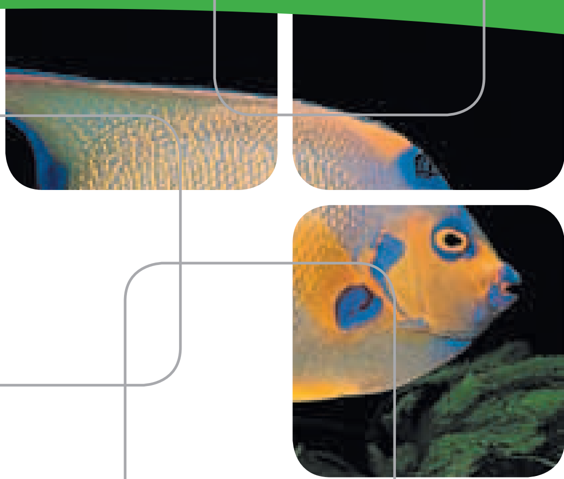
The directors will continue to assess the Group's distribution policy in the future and may consider the reintroduction of a distribution as appropriate.

LLA has an expert and dedicated management team with a clear vision to grow the Group's excellent existing assets through a focus on marketing, branding and visitor experience as well as optimising the operating performance of our core businesses.

In the current climate, the Board's view is that acquisitions will only be considered if they are low-risk and immediately yield accretive, and none are currently under investigation.

In the next 12 months, our strategy is to continue to achieve organic growth throughout LLA's portfolio of businesses and long-term value enhancement for our security holders.

The introduction of the Zip Line Adventure Tour at Otway Fly and new animals and



attractions across each of the aquariums in LLA's Oceanis business will drive improvement in visitations and yields. Although natural snow levels have been disappointing to date in 2010, our recent $2.5 million investment in snow-making infrastructure is already proving valuable in helping to partially mitigate the impact on operating results and allows guests to book with confidence. The introduction of night skiing and boarding on Wombats Ramble at Falls Creek is another exciting innovation expected to result in improved revenues.

We have also introduced a management incentive program, with defined targets for the next two and three years including increases in LLA's security price and sustainable operating key performance indicators. The Board believes this program will help retain the industry-leading talent we currently have in LLA's team and align the Group's business goals directly to management remuneration.

Please be assured that building value around your investment is at the core of all decisions made by the Board and management.

During FY10, Craig Carracher announced his intention to retire as a director of LLA and did not stand for re-election at the Group's Annual General Meeting on 25 November 2009. I thank Craig for all his work, particularly during LLA's recapitalisation.

Following Craig's retirement from the Board, Glenn Wein was appointed as a director of LLA. Glenn is the Head of Private Equity at Consolidated Press Holdings Limited ("CPH"), where he is responsible for CPH's unlisted portfolio of companies and investments. Glenn is also the Chief Executive Officer of Arctic Capital Limited, the parent company of Living and Leisure Australia Management Limited.

On 21 May, Andrew Kerr tendered his resignation as a director of LLA. I thank Andrew for his contribution to LLA and leadership as Chair of the Audit and Risk Committee.

Most recently the Board welcomed the appointment of Steve Howes as a director, effective 30 June 2010.

Building value around your investment is at the core of all decisions made by the Board and management.

Steve has more than 22 years' experience in corporate and project finance in Australia and South East Asia, including as an adviser, financier and institutional fund manager in the real estate industry. He is currently an Executive Director of Archerfield Capital Partners Pty Limited, an independent advisory firm specialising in the Australasian property markets.

I look forward to working with Steve and all the directors as we continue down a clear path to increase security holder value through the organic growth of our existing assets, and minimising cash expenditures with an aim to reduce gearing.

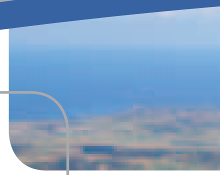
While Australia is fortunate to be in a position to grow economically, we are not immune to global volatility. This strengthens our resolve to maintain a constant and determined focus on our business objectives and continue to enhance the resilience of the Group.

As we enter the 2011 fiscal year, I would like to thank you for your ongoing support of LLA as we work to create a future of sustained success for the Group and its security holders.

Julanne Shearer

Julanne Shearer
Independent chair

Chief Executive Officer's report



Dear security holders

In the past 12 months, Living and Leisure Australia Group ("LLA" or "Group") has performed soundly, although trading was negatively affected by a number of factors.

Well-publicised political instability in Bangkok had a profound impact on Siam Ocean World in central Bangkok, while the lead up and commencement of Shanghai's World Expo had a negative effect on visitations to Chang Feng Ocean World. Throughout, the Group maintained focus on our strategic objectives of strengthening our position as a leader in the provision of world-class leisure experiences. Pleasingly, both aquariums have recovered well, demonstrating the resilience of the Group's business model.

We have maintained a steadfast focus on achieving strong cash flows and achieving yield-accretive, low-risk growth in our attractions through marketing and management initiatives, and have also remained committed to reducing costs across the Group, with the aim of reducing gearing.

Visitation across our portfolio was four million in FY10, representing a 7% decrease on the previous year. The result is reflective of the challenging environments in which we operate, punctuated by the significant events mentioned previously in Bangkok and Shanghai. We are confident our strategy to pursue organic growth within our existing businesses, through driving yield growth and visitor levels, will deliver long-term security holder value.

2010 year in review

While there have been some difficult periods in the unpredictable trading environment of the past 12 months, the expertise and experience of our talented people has continued to provide LLA with a competitive advantage in our markets.

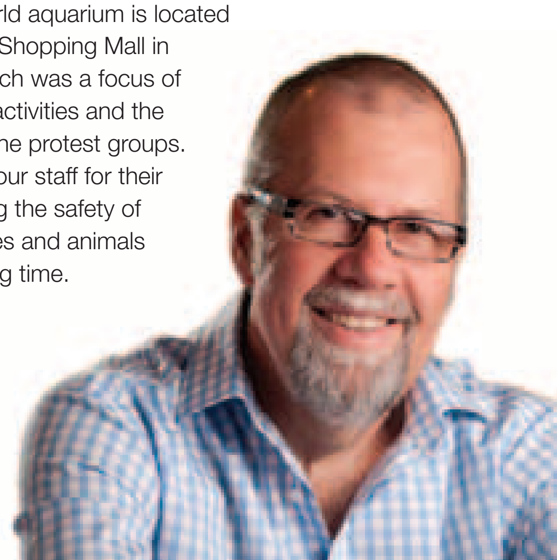
Our results for the year are solid in the context of the continued volatility of the domestic and international economic environment and increased competition and discounting from our competitors, giving us confidence that our strategic vision is robust.

LLA achieved total segment earnings before interest depreciation and amortisation (operating segments EBITDA), excluding property, of $23.7 million. This was a 1.3% decrease in operating segment EBITDA over the prior year after adjusting for the impairments and one-off items incurred in 2009. Total revenue excluding property of $117.4 million, represents a year-on-year decrease of 2.6%. This result includes the one off impact of the civil unrest in Bangkok, which caused Siam Ocean World to close for 46 days at the height of its peak trading period, as well as negative currency impacts.

The 2009 ski season was sound with growth in visitations and number of skier days achieved. The 2010 season has seen disappointing natural snow levels, however our investment in snow-making infrastructure is already proving valuable in helping to mitigate the impact on operating results.

While LLA's aquarium business Oceanis performed well in the first half of FY10, it suffered from externalities in the second half.

A major influence on Oceanis' full year result was the well-publicised civil unrest in Bangkok, which had a significant impact on the performance of Siam Ocean World. The Siam Ocean World aquarium is located in the Siam Paragon Shopping Mall in central Bangkok, which was a focus of much of the protest activities and the major stronghold of the protest groups. I would like to thank our staff for their dedication in ensuring the safety of our guests, colleagues and animals during this challenging time.



Before the civil unrest disrupted normal business, Siam Ocean World had been performing particularly strongly and was well on track for a record result. Since reopening the aquarium has recovered well with visitations trending ahead of last year in the early part of FY11.

Another impact on Oceanis' results has been the competition from World Expo 2010 in China for the discretionary consumer and educational group spend. This has affected visitation levels at our Shanghai Chang Feng Ocean World aquarium. China remains a dynamic and exciting market for LLA and we remain confident it will present many opportunities for us in the future, particularly with new attractions being introduced to the aquarium during the next year. Following the lead up and opening of Expo, the aquarium has also recovered well and is now looking to capitalise on World Expo visitors to Shanghai.

The Tree Top Walks are a focus given the critical need to drive repeat visitations and revenue growth, particularly at our newest attraction the Illawarra Fly which continued to underperform Group expectations.

During FY10 we continued to strengthen our cash position and reduce our gearing.

LLA's cash position at 30 June 2010 was $19.9 million and our current debt position is $137 million, with all bank facilities agreed to 2013.

We continue to focus on innovative marketing initiatives to improve sales at our attractions. The latest Security Holders Loyalty Program was rolled out at the end of April 2010, following the successful relaunch of the program in 2009. The program allows security holders to enjoy LLA's attractions at discounted prices along with other special offers throughout the year. We value the opportunity to reward our security holders for their ongoing support and recognise they are great ambassadors for LLA's attractions.

We have maintained a steadfast focus on achieving strong cash flows and achieving yield-accretive, low-risk growth in our attractions.

Business initiatives

From an operational perspective we are committed to the development of new features within each of our businesses to efficiently enhance yields.

Some of the highlights include our $2.5 million investment in additional snow-making infrastructure at the Mt Hotham and Falls Creek ski fields for the 2010 season and the introduction of night skiing activities at Falls Creek's Wombats Ramble run, which is proving extremely popular.

This investment in snow-making will help us preserve and enhance the natural snow base and drive visitation at both the start and end of the ski season. The value of this is already evident in tempering the impact of the poor start to the 2010 season in terms of natural snow fall. Bookings rebounded on the back of confidence in the snow-making infrastructure having partially mitigated the effect on visitation and operating results.

Chief Executive Officer's report (continued)

We must also be relentless in our focus on improving our marketing, branding and above all the visitor experience.

The Group has once again offered the *Super Pass* for the 2010 ski season after its highly successful introduction last year. The *Super Pass* provides unlimited skiing at Mt Hotham and Falls Creek, as well as Perisher in New South Wales and continues to be well received by the market.

In the Oceanis business, we have introduced iconic new animals including Giant Pacific Octopuses, Sandbar Whaler Sharks, Sawfish and Speartooth Sharks at our Melbourne Aquarium. The Speartooth Sharks are the only freshwater sharks in captivity in Australia. Our UnderWater World attraction also celebrated the birth of a Grey Nurse Shark pup. This was the fifth such birth for UnderWater World, but it is an extremely rare occurrence and is only the sixth in captivity around the world.

We are hopeful of welcoming our first penguin chicks this summer to our Melbourne Aquarium. In another initiative we brought the shark dive business at UnderWater World "in-house," to improve yield from this product. Additionally the training tank sited at the entry of the aquarium creates activity and interest.

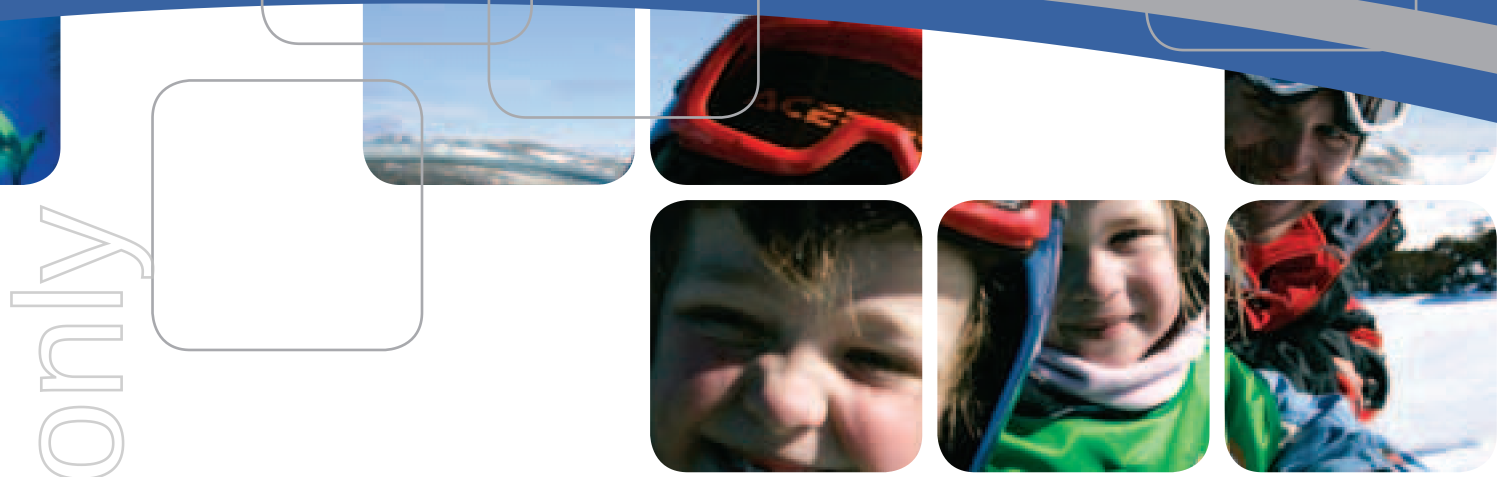
Within the Tree Top Walk business we are launching a new Zip Line Adventure Tour at the Otway Fly. This new experience will allow visitors to "surf" across the tree canopy in a harness similar to a flying fox. It involves nine stations being built on trees in the forest with eight cables linking them. We believe this new attraction will appeal to a broad section of the market seeking an adventure experience within a spectacular natural setting and help drive repeat visitations.

A key aspect of our approach to yield management is a focus on all factors which impact on profit.

We are presently working with Merchantwise, a brand marketing, licensing and consumer products specialist company to investigate new merchandise opportunities to be implemented throughout the Group. Our retail operations have strong upside potential across the board and we are embracing new initiatives such as group buying to achieve cost savings.

Operating leisure attractions is at the core of what we do and LLA has signalled that property development is not a primary focus of the business.

Therefore, LLA is seeking to sell all "non-core" property holdings at Falls Creek, Mt Hotham and Dinner Plain in an orderly process, linked to market demand. The sales proceeds will be used to reduce debt as we continue to focus on building long-term security holder value. In addition, during the year LLA's Memorandum of Understanding with the Victorian State Government and the Mt Hotham Resort Management Board for the realignment of the Great Alpine Road and associated property development ended and LLA's exclusive rights to the development ceased. Any involvement in a future tender for the village development at Mt Hotham will be assessed against the tender requirements and prevailing market conditions.



The Group is investing in our future in many ways. We are particularly proud of the environmentally sustainable initiatives we have introduced at each of our world-class attractions. Our leisure attractions both celebrate the natural environment and promote conservation and rehabilitation initiatives.

Our commitment includes ongoing involvement in research and environmental education, as well as inspiring our visitors to take personal responsibility for protecting and nurturing the environment so it can be enjoyed as it is today by future generations.

Within our Oceanis business, UnderWater World on Queensland's Sunshine Coast launched the Blue Spirit platform as part of its ongoing corporate social responsibility commitment to protecting the ocean and related waterways. The Blue Spirit strategy will seek partnership with like-minded organisations to further the aquarium's long-term corporate social responsibility goals.

People

Throughout our business we continue to seek opportunities to attract and retain the best people and look to provide them with challenging and exciting opportunities.

The success of this approach has been highlighted by the recent appointment of Geoff Olson as Group General Manager Oceanis.

Geoff has been with Oceanis since 1994 and involved in major initiatives at UnderWater World, Busan Aquarium, Bangkok's Siam Ocean World and Shanghai Chang Feng Ocean World.

Geoff took over the role from Kevin Lehmann upon Kevin's retirement in July 2010.

I would like to thank Kevin for his significant contribution to LLA and for his dedication and commitment to the Group as demonstrated by his decision to delay his retirement last year to take on this important leadership role. We wish him every happiness in his retirement.

The year ahead

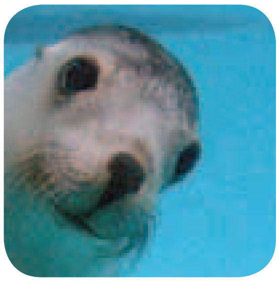
Last year was a challenging one for LLA. However, it has been a period which has reinforced a number of key themes for our Group.

We must continue our commitment to grow each of our businesses organically with a focus on cash flow generation and yield-accretive, low-risk growth opportunities. We must also be relentless in our focus on improving our marketing, branding and above all the visitor experience. I am confident that we have the team of dedicated and innovative professionals to continue to deliver results for the Group and would like to thank our people for their ongoing commitment.

Our highly-focused strategy, coupled with our portfolio of world-class attractions, enables me to look forward to the new year with confidence. Finally, I would like to thank our security holders for their ongoing support of our Group and assure you that we are committed to building the long-term value of your investment.

John Schryver
Chief Executive Officer

Oceanis



LLA's aquarium business, Oceanis, is the world's largest owner-operator of aquariums, by number of customers and volume of displays.

The Group's aquariums are located in premier tourist centres in Australia and Asia and typically attract more than 3.6 million visitors each year. Oceanis is also responsible for the day-to-day management of the world's largest oceanarium, the Dubai Aquarium and Underwater Zoo. The Group is committed to the integration of new and exciting world-class exhibits throughout its portfolio of complementary assets to ensure fresh experiences for visitors.

The Group's attractions include the award-winning Melbourne Aquarium, UnderWater World at Mooloolaba on Queensland's Sunshine Coast, Shanghai Chang Feng Ocean World, Siam Ocean World in Bangkok and Busan Aquarium in South Korea.

This year Oceanis contributed operating EBITDA of $14.4 million. The result demonstrates the resilience and appeal of the Group's attractions in the face of tough economic challenges and also a strong focus on cost management. On a constant basis the business declined by 25% due to the Bangkok closure and subdued performance in Shanghai.

During the past 12 months, Group General Manager Oceanis Kevin Lehmann was supported by a dedicated and experienced team with the capabilities to implement a low-risk, high-return enhancement of existing assets. The strong marketing skills within each aquarium's management team supported the development and promotion of high-quality exhibits to attract new and repeat visitation at each business.

Over the coming year, the Oceanis businesses will be focused on achieving organic growth at each attraction, with a particular focus on increasing yield and driving visitation. This activity will be led by Geoff Olson who has been appointed Group General Manager Oceanis following Kevin's retirement in July. Geoff has been a key member of the Oceanis team since 1994.

As part of Oceanis' commitment to increasing returns we are working with Merchantwise to extend and enhance the aquarium experience we provide globally with relevant, responsible and fun merchandise opportunities. Retail operations have strong upside potential across the board and we intend to explore efficiencies through group buying initiatives. Merchantwise has reviewed the retail offer across the Oceanis portfolio and has identified opportunities to increase the retail spend, particularly in those locations such as Bangkok where there is a high proportion of international visitors to the aquarium.

Oceanis is also enhancing its customer relationship management systems throughout its aquarium businesses and improving its ticketing and point-of-sale systems. This program will lead to opportunities to tailor the offer to customers and also improve their experience at our attractions. This new initiative also aims to enhance and streamline our databases for better revenue management.

The Group's aquariums are recognised for their high-quality animal care and also for their environmental and conservation initiatives. Oceanis Group Curator, Jeff Archer, works with our curatorial staff to ensure excellent care is maintained at each aquarium.

Key Oceanis environmental initiatives include:

- The launch of new exhibits and the support of public education programs which promote environmental protection and habitat preservation
- The rehabilitation of natural habitats, such as mangrove plantations and the ongoing treatment and release of animals back to their natural environments
- The formalising of a joint venture research partnership to further develop research into underwater life and their ecosystems. In January 2010 Busan Aquarium signed a Memorandum of Understanding with the National Fisheries Research and Development Institute in South Korea to undertake a joint venture research program.

The Group's aquariums are located in premier tourist centres in Australia and Asia and typically attract more than 3.6 million visitors each year.

Melbourne Aquarium

The Melbourne Aquarium continued to perform soundly following its $28 million expansion and the launch of the Antarctica exhibit in November 2008. In a highlight for the Group, the Melbourne Aquarium was named "Best Major Tourism Attraction for 2009" at the Victorian Tourism Awards in November 2009.

The aquarium, which celebrated its 10th anniversary in 2010, was also recognised as Australia's Best Tourism Attraction for 2009 when it won the Major Tourism Attraction category at the national awards in early 2010.

The Melbourne Aquarium features a 2.2 million litre oceanarium with approximately 3,000 animals from 500 different species, including the recent further addition of King and Gentoo Penguins to our Antarctica exhibit.

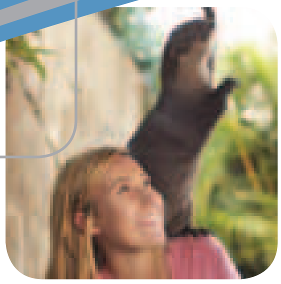
The Antarctica exhibit has been a successful addition to the aquarium which saw an immediate increase in visitor numbers. The exhibit is expected to continue to drive attendances in coming years. A further eight penguins arrived in early May to provide a total of 42 penguins at the attraction – 13 King and 29 Gentoo Penguins. The new arrivals are expected to encourage pairings in time for the breeding season and we are hopeful of having new penguin chicks by the end of the calendar year. The aquarium has also decided to introduce an artificial insemination ("AI") program, which will ensure the arrival of a new population of Antarctic Penguins and increase the technical capacity of our facility and staff at the aquarium. We look forward to seeing our first chicks (which have a significantly different appearance to adults before they reach maturity) through either natural breeding activities and / or the AI program and introducing these new arrivals to our visitors.

The aquarium's functions business has continued to trade well. During the past year there has been a resurgence in the corporate market coupled with strong interest in weddings and children's parties. Monthly Antarctica cocktail parties held on the last Friday of each month have proven extremely popular.

New species have also been introduced to the aquarium in the past year, further adding to the visual excitement of the attraction. Three Sandbar Whaler Sharks from Queensland were introduced to the aquarium, while three Speartooth Sharks and three Sawfish now call the freshwater lagoon home and both species are unique to the Melbourne Aquarium. The aim is to further increase the population of Sandbar Whalers next summer.

Giant Pacific Octopuses, found in the deep Pacific Ocean off Japan and Alaska, recognised for their intelligence and strength and the subject of countless stories and underwater fantasies have also taken up residence in a new home, Octopus Cove, during the 2010 winter school holidays.

Oceanis (continued)



UnderWater World (Mooloolaba)

UnderWater World at Mooloolaba performed steadily, despite challenging tourist market conditions within Queensland's Sunshine Coast, and maintained its leadership role in breeding and animal protection.

It is home to more than 10,000 sea creatures and is Queensland's largest oceanarium.

In 2009 UnderWater World was runner-up in the Sunshine Coast Environment Council Awards for best ecotourism attraction and was "highly commended" in the Queensland Tourism Awards best tourist attraction category and the Richard Power award for tourism marketing.

The team at UnderWater World headed by General Manager Julie Cullen has introduced new strategies to grow visitation in the face of heavy discounting from other south-east Queensland tourism and leisure operators coupled with a subdued local Sunshine Coast economy.

These include the development of a new branding and advertising campaign to support UnderWater World's marketing activities to capture the two-hour drive market from Brisbane and market research on customer experience and pricing. We are hopeful the launch of a new destination management organisation for the region on 1 July 2010 (replacing Tourism Sunshine Coast) will be successful in the promotion of the Sunshine Coast's tourism industry as a whole. Our General Manager acts as an advisor to the board of this newly-formed organisation.

To meet the current challenges of south-east Queensland leisure discounting, UnderWater World has recently joined forces with the Sunshine Coast-based Australia Zoo to initiate joint ticket arrangements, offering visitors great value savings at both attractions.

From 1 May 2010 until 31 August 2010, UnderWater World also offered visitors the opportunity to purchase an exclusive *Winter Pass* enabling entry for up to four months for the cost of a normal daily admission.

UnderWater World has also undergone a refurbishment program with new paint, exhibit signage and décor as maintaining the visual appeal of the attraction for our visitors remains a priority. As part of this activity we are also looking to extend and join the touch tanks at the entrance to the attraction.

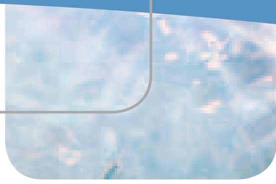
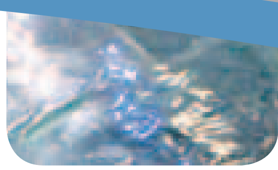
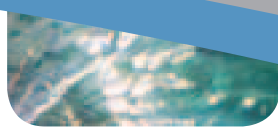
UnderWater World has added further visual excitement to the entrance of the attraction following the decision to retain the rights to the shark dive product previously contracted to a third party. The product is earnings accretive for the attraction and enables dive training to be conducted in a tank in front of the attraction. Visitors will be able to view the diving being undertaken before they enter the attraction, adding a new point of interest.

A new seal show with a strong environmental message was introduced at the attraction in November 2009 and it has proved immensely popular. The new show features human ocean polluters being captured by seals. UnderWater World currently has a population of seven seals with capacity for 10 at the venue.

During the past year the attraction also celebrated its fifth captive birth of a critically endangered Grey Nurse Shark pup – a rare and notable occurrence as only six have ever been born in captivity in the world. An endangered Sandbar Whaler pup was also born in early February thereby adding to the sustainability of this threatened species.

UnderWater World also launched the Blue Spirit program as part of its ongoing corporate social responsibility commitment to protecting the ocean and related waterways. The program has three key objectives including: promoting, educating and positively influencing the importance of marine conservation; providing funding for marine conservation, research and rescue activities; and supporting the attraction's curatorial, research and conservation operations. The Blue Spirit strategy will seek partnership with like-minded organisations.




Oceanis owns and operates the Mooloolaba Wharf complex comprising UnderWater World and a mix of shops and restaurants. Planning for a refurbishment of the existing Wharf structure has started and will include an upgrade of the waterfront boardwalk. The master plan currently being prepared for the Wharf will focus on maximising the potential of its waterside location and attracting a major retail anchor tenant. It will not involve a major property development.

Shanghai Chang Feng Ocean World

Shanghai Chang Feng Ocean World features more than 10,000 sea animals from 300 species, including one of the largest shark and Beluga Whale exhibits in China.

The aquarium has also acquired and now displays four Hammerhead Sharks, a first in any aquarium on the Chinese Mainland.

For six years running, Chang Feng Ocean World has also provided visitors with access to its Advanced Unit for Shanghai Juveniles Ecological Moral Education and the Shanghai Youth Science and Technology Education base.

China continues to be an important market for Oceanis. However, Shanghai Chang Feng Ocean World faced a challenging year due to strong local tourism competition – most significantly World Expo 2010 “Better City Better Life”. While we had expected World Expo to result in increased tourism for the region, the reality has been quite different. Oceanis has found that many local tourists and school groups have earmarked their discretionary spend in 2010 for the World Expo experience and this has dampened visitor levels throughout the current calendar year.

However, the longer term outlook is positive as the attraction’s management and staff continue to focus their efforts on developing fresh shows and exhibits, while exploring new markets to attract increased visitation from adult groups. There was also a focus on improving trade relationships with key wholesalers in education and tour group markets.

The Group is committed to the integration of new and exciting world-class exhibits throughout its portfolio of complementary assets.

Shanghai Chang Feng Ocean World has undergone an executive reorganisation over the past year, allowing key staff to focus on their core skills to drive visitation levels by both the free independent travel and groups and achieve yield growth.

The aquarium is located in an area attracting significant development activity. Adjacent to our property is the new Chang Feng Ecological Business District which is 60% complete and home to a new Marriott hotel.

The development of the entire District is scheduled to be completed by 2012. It will include enhanced public access through subway connections and additional parking as well as a beautification program for the river below the aquarium. This area will include the Jackie Chan Museum and indoor MGM Studio, which are expected to generate critical visitor mass within the precinct. We believe these attractions will provide valuable joint marketing opportunities and help attract more visitors to the precinct.

Oceanis (continued)

The Group's aquariums are recognised for their high-quality animal care and also for their environmental and conservation initiatives.

Busan Aquarium

Busan Aquarium is home to more than 35,000 marine animals from 250 species featured across 104 exhibits. In July 2010 the aquarium acquired 21 Scalloped Hammerhead Sharks for its summer campaign and ongoing exhibit as part of their efforts to showcase iconic animals based on customer research.

Busan's management continues to adopt innovative marketing strategies to drive visitation to the attraction situated on Haeundae Beach, South Korea.

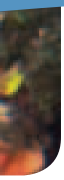
The attraction introduced a highly-creative exhibit featuring two lions and two tigers in the aquarium entry as part of an African-themed promotion during this spring from March to early July. The aquarium also introduced Eagle Rays to its main centrical tank in front of the main tank, creating a spectacular display.

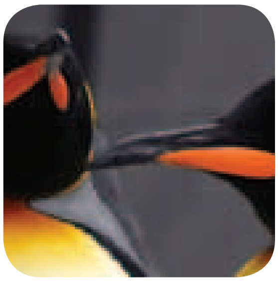
The aquarium achieved 1.05 million visitations during the fiscal year with strong attendance in the peak trading period. The attraction has a very stable and experienced management team led by YP Kim who has been General Manager for five years. The aquarium was able to increase entry prices in February this year which has resulted in increased yields.

The South Korean economy remains healthy and this, together with innovative campaigns, has underpinned the solid result for Busan Aquarium.

In other positive developments expected to support the Busan Aquarium, the Korean Government has announced plans to invest KRW 24.3 trillion until 2020 towards the southern coastal areas of Korea where Busan is located, to develop an economic, logistics and tourism hub. The blueprint shows plans to develop the "Sun Belt" supra region. The Government expects the plan to create about 220,000 jobs.

In addition to this initiative, Busan City continues to expand its outbound and inbound traffic with neighbouring cities, primarily, Shanghai and Tokyo. Recently, the city, along with the Korea Tourism Organization, Changi Airport Group and the Singapore Tourism Board, joined forces to also promote two-way traffic between Singapore and Busan. These joint initiatives mark the start of an important exchange platform for the travel trade partners from Busan and other cities and countries, which are aimed at increasing tourism between mutual destinations.





Siam Ocean World

Siam Ocean World features more than 232 different species of marine animals. The aquarium is located in the landmark Siam Paragon shopping centre in central Bangkok.

The aquarium has a strong environmental sustainability focus and works co-operatively with the Thai Government and other private sector businesses to organise the annual World Ocean Day.

The Siam Ocean World aquarium was performing well until severely impacted by the civil unrest in Bangkok in the second half of FY10 during peak trading periods.

The aquarium was closed for a total of 46 days during the disturbance, reopening in conjunction with the Siam Paragon shopping centre, where the aquarium is located, on 25 May for the first time since the anti-government protestors occupied the Ratchaprasong intersection in early April. By late May hotels and serviced apartments around Ratchaprasong had also resumed bookings for foreign guests who had exited the area during the turmoil.

Throughout these turbulent times, our staff worked tirelessly to ensure our customers, people and animals remained safe and healthy. No person or animal was hurt during the civil unrest and this is a tribute to their efforts.

Moving forward the attraction's marketing team is focused on rebuilding local patronage and attracting increased visitation from higher yielding international markets, in particular tourists from India and the Middle East.

During 2010, Siam Ocean World's capital works program included a major refurbishment of its jellyfish display utilising the skills and expertise of Danish company Bang & Olufsen recognised for its leadership in audio, video and multimedia products.

Dubai Aquarium and Underwater Zoo

The capabilities of our management and staff at the Dubai Aquarium and Underwater Zoo in the United Arab Emirates were faced with a significant challenge in February when a leak occurred in one of the panel joints at the aquarium. Oceanis and its people are committed to the highest standards of safety and the leak was attended to immediately and sealed within 20 minutes.

The leakage did not impact the aquarium environment or the safety of the animals. Following the incident all other panels were also checked to ensure their integrity. While the incident was a minor crack and did not represent a major breach, the quick and safe resolution of the incident is a testament to the expertise of our staff.

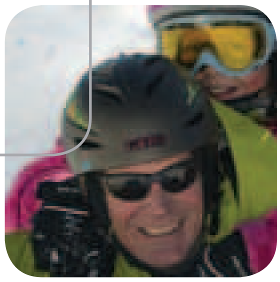
The aquarium is part of the Dubai Mall, which is the largest mall in the Middle East, incorporating 1,200 stores. It is located at the foot of Burj Khalifa, the tallest tower in the world.

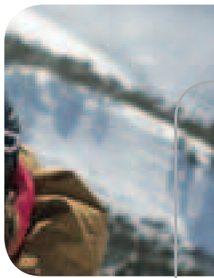
Open since November 2008, the Dubai Aquarium and Underwater Zoo has over 33,000 aquatic animals and holds the Guinness World Record for the world's largest acrylic viewing panel – 32.88 metres wide by 8.3 metres high.

The aquarium has received good visitation since its opening.

Oceanis continues to manage the Dubai Aquarium and Underwater Zoo on behalf of the owner under a management agreement which runs to 2013.

Australian Alpine Enterprises





LLA's Australian Alpine Enterprises ("AAE") is the owner and operator of the ski fields at the Mt Hotham and Falls Creek resorts in the Victorian Alps. Collectively the resorts account for approximately 26% of the Australian skier market (by number of skier days).

AAE contributed operating EBITDA of $11.7 million to the Group for the full year. This excellent result was achieved despite the impacts of the Global Financial Crisis and difficult weather conditions, particularly experienced on key weekends in August which restricted mountain access.

The difficult conditions contributed to an overall decline in visitation and skier days during the financial year.

The Group's ongoing investment in snow-making facilities helped to sustain a quality snow base through to the end of the season which assisted in driving visitation and yield. Visitation was also supported by the introduction of the innovative *Super Pass*, which provided all season access to Mt Hotham and Falls Creek, along with Perisher Valley in New South Wales. This value-for-money *Super Pass* proved popular and was offered again in the 2010 season.

AAE is committed to ensuring Mt Hotham and Falls Creek retain their strong appeal and share of the Australian market.

During FY10, a further $2.5 million was committed to additional snow-making infrastructure to enhance the skier experience at Mt Hotham and Falls Creek throughout the entire season. This investment included the installation of 50 new automatic snow guns across key terrain at both resorts in time for the opening of the ski season. As a result, the snow-making network along Mt Hotham's signature run, Heavenly Valley, is now fully populated with snow guns and Falls Creek's Wombats Ramble features a high capacity snow-making system along its entire 2.2 km run. Wombats Ramble has been transformed into Australia's newest night skiing and boarding attraction and we expect this offer to be extremely popular throughout the 2010 season.

Visitation to Falls Creek is also anticipated to benefit from the completion of Stage Two of the Quay West Resort and Spa, managed by Mirvac, located at a key entry point to the ski fields.

The provision of additional services and an extended flight schedule by QantasLink will provide further benefits for AAE, with QantasLink operating services four times a week between Sydney and the Mt Hotham Airport during the 2010 peak season and will continue to provide services to 12 September.

Bookings for season 2010 have been affected by poor natural snowfalls, and this will have an impact on EBITDA earnings for fiscal 2011.

During FY10, the Memorandum of Understanding ("MOU") between the Group, the Victorian Government and the Mt Hotham Resort Management Board granting LLA exclusive rights to realign the Great Alpine Road and undertake a residential and commercial property development lapsed. The financial and property market conditions have changed significantly since the original MOU was entered into and therefore LLA's involvement in any future tender for the Village Development at Mt Hotham will be assessed against tender requirements and prevailing market conditions.

In addition, the proposed Balé development was dependent on the Mt Hotham Village Redevelopment proceeding and will not be pursued further. The sunset clauses in Balé presales expired in October 2009.

In terms of the Freehold 1775 land development at Mt Hotham, four out of a total of 20 lots have settled and settlement terms for a fifth lot have been agreed. All development costs have been recouped post the Group's recapitalisation. The remaining lots are available for sale and AAE has a strategy to complete the sell-out of this project within the next two years.

Sustainability remains a key priority for AAE's business. We have introduced many environmental initiatives which include:

- Installation of new snow-making infrastructure running on recycled water and green power, supported by best practice snow grooming and farming techniques to provide sustainable season-long snow cover
- Use of organic waste capture systems from the resorts' commercial kitchens as well as split-bin recycling systems used in publicly accessible areas
- Investigation of use of GPS tracking by Google Maps to establish the best practice, efficient fuel use at the resorts
- Continual recycling education and awareness programs for staff and visitors
- Extensive revegetation of the Falls Creek ski field area, with more than 10,000 seedlings planted annually
- Revegetation of sections of the Mt Hotham ski field with native flora, to reduce the risk of erosion and improve the slope amenity
- Progressive removal of redundant underground storage facilities and area restoration at Falls Creek
- Recapture of water into a dam, which is then used for the Falls Creek hydro-electric scheme.

The Group's ongoing investment in snow-making facilities helped to sustain a quality snow base through to the end of the season which assisted in driving visitation and yield.

Tree Top Walks





LLA owns and operates a Tree Top Walk business which comprises the Otway Fly in Victoria and the Illawarra Fly in New South Wales.

Our tree top walk attractions are designed to have minimal impact on the natural environment and offer opportunities to view and learn about wild forest habitats from a position high within the forest canopy. The attractions give the opportunity for visitors to participate in self-guided walks with interpretive signage.

Each attraction features a cafe and retail centre where visitors can enjoy a meal or purchase souvenirs.

The Otway Fly, located in the Otway Ranges of Victoria, is the longest and tallest steel-structured canopy walk in the world. It is more than 600 metres long and 35 metres high. The spectacular tree top walk is three-and-a-half hours' drive from Melbourne via the Great Ocean Road.

The Illawarra Fly, situated at Knights Hill in New South Wales, is 500 metres long and features a 45-metre-tall spiral lookout tower. The attraction overlooks the stunning coastal strip from Kiama to Illawarra.

The Group's tree top walk attractions contributed a combined EBITDA of $2 million, representing a $0.2 million decrease on FY09, after allowing for the impairment adjustment in 2009.

Adverse seasonal weather conditions had a significant impact on visitations to both tree top walk attractions during key trading periods.

Furthermore, visitation at the Otway Fly was adversely affected by the declaration of two "extreme" and "severe" fire danger days, with advertised warnings to avoid travel on the Great Ocean Road and the closure of national parks.

Despite these challenges and a decline in international visitation to the region, the financial performance of the Otway Fly held up reasonably well.

The Illawarra Fly performed below expectations recording a 30% decrease in visitation year-on-year. We continue to investigate opportunities to boost visitor numbers at the attraction.

The key challenge for our Tree Top Walks business is to achieve repeat visitation given the passive nature of the tree top walks. We continue to investigate additional adventure-based activities to improve the overall performance of each of the attractions.

As part of this focus, the Otway Fly now offers abseiling during long weekends, school holidays and for pre-booked groups.

In addition, a new Zip Line Adventure Tour which will allow visitors to 'canopy surf' between nine treetop platforms at the attraction is expected to be operational in the last quarter of 2010.

This exciting initiative will offer a three-hour guided experience, including training, and involves a $1.4 million investment by LLA. Visitors will be able to select an eight, six or two-rope experience and we expect the shorter offer to particularly appeal to the education group sector. There is also potential to target the corporate market.

Presently around 28% of our visitors to the Otway Fly are young international travellers who typically allocate their 'spend' to adventure-based experiences and we expect the Zip Line Adventure Tour will immediately drive yield growth and repeat visitations.

Concurrent with the introduction of the Zip Line Adventure Tour, the Group will be upgrading the existing visitor complex at Otway Fly to direct the exit traffic through the retail area and provide a training and education facility.

The Otway Fly achieved a significant milestone in January 2010 when it welcomed its one-millionth visitor to the canopy walk. This achievement was followed by the business winning an award of merit in the 2009 Victorian Tourism Awards.

Our Tree Top Walk attractions are designed to have minimal impact on the natural environment and offer opportunities to view and learn about wild forest habitats.

During FY10, a series of marketing initiatives were launched for the Otway Fly targeting key international, education and family markets. The attraction is a marketing partner with the Great Ocean Walk allowing it to leverage "The Art of Walking" program and will be a participant in the "Great Ocean Road Off-Peak Attractions Pass", offering discounts to various attractions on the Great Ocean Road over the quieter winter period starting in June. The attraction is also promoted through an ongoing display at Federation Square in Melbourne.

LLA has conducted a strategic review of opportunities for Illawarra Fly as the attraction has not met the anticipated visitation levels since it was opened in March 2008. This review highlighted opportunities to drive visitation including a wholesale sales program, joint ticketing and joint promotions with other local attractions as well as branding initiatives. These included conducting brand workshops with local ambassadors, staff and tourism industry leaders to help build awareness of the Illawarra Fly's compelling offer.

The attraction has introduced its wholesale sales program involving 50 accommodation providers as well as joint ticketing arrangements with Jumbulla Aboriginal Discovery Centre and the Bradman Museum in addition to joint promotions with Dolphin Watch Cruises, Jamberoo Action Park and Skydive the Beach. Illawarra Fly has also introduced bundling of the attraction's walk, food and beverage and retail offering, including sunrise walks, which has increased yields.

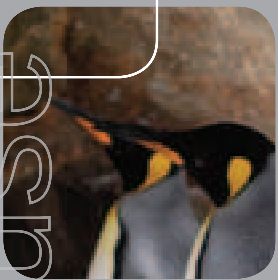
Management continues to work closely with local tourism industry bodies and Tourism New South Wales to increase visitation to the Illawarra Fly and the attraction is continuing to target educational and group markets.

In 2009, the attraction was recognised by the South Coast Tourism Awards winning silver in the Tourist Attractions category and was also a finalist in the Best Innovative Tourism Experience Category for The Australian Travel and Tourism Awards.

The unique tree top walk ecotourism attractions continue to place a strong emphasis on the environment and nature, with the use of biodegradable products and educational programs underpinning these initiatives.

Key environmental and conservation initiatives at the tree top walks include:

- Printing visitor information such as walking maps on 100% recyclable paper, with all new printed stock produced on carbon neutral paper
- Materials including retail bags and wet weather ponchos are manufactured from biodegradable material
- The collection of rainwater to be recycled back into the attraction's operations and to water young saplings and plants
- The pursuit of full eco-accreditation for both attractions.



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

Financial report

for the year ended 30 June 2010

Corporate information

30 June 2010

Directors of the Responsible Entity and the Company

Julanne Mary Shearer
Independent Non-executive Chair

Bruce Sinclair McComish
Independent Non-executive Deputy Chair

Brett David Chenoweth
Independent Non-executive Director

Glenn Kevin Wein
Non-executive Director

Steve Graham Howes
Independent Non-executive Director

Secretary of the Responsible Entity and the Company

Donovan Newton

Principal registered office in Australia

Level 3 Northbank Place
525 Flinders Street
MELBOURNE VIC 3000

Auditor of the Trust and the Company

Ernst & Young
8 Exhibition Street
MELBOURNE VIC 3000

Stock exchange listing

Living and Leisure Australia Group stapled securities are listed on the Australian Securities Exchange (ASX code: LLA)

Website address

www.livingandleisure.com.au

Directors' report

The directors of Living and Leisure Australia Management Limited, the Responsible Entity for the Living and Leisure Australia Trust (the "Trust") (ARSN 092 701 589) and Living and Leisure Australia Limited (the "Company") (ABN 107 863 445) present their report for the financial year ended 30 June 2010 for the consolidated Trust and the Company.

The units in the Trust are stapled to shares in the Company, these entities and their respective controlled entities form the Living and Leisure Australia Group (the "Group" or "LLA"). The shares and units cannot be traded or dealt with separately. The stapled securities are listed on the Australian Securities Exchange ("ASX"), under the code LLA.

The Responsible Entity

The Responsible Entity of the Trust is Living and Leisure Australia Management Limited. Living and Leisure Australia Management Limited is a wholly owned subsidiary of Arctic Capital Limited.

Directors

The management and control of the Trust is vested in the board of directors of the Responsible Entity whilst the management and control of the Company is vested in the board of directors of the Company. To ensure the management and control of the Group is aligned, the Responsible Entity and the Company have common boards of directors.

The directors during the year are as set out below. Unless stated the directors have held their position for the whole of this period:

Julanne Mary Shearer	
Bruce Sinclair McComish	
Brett David Chenoweth	
Glenn Kevin Wein	(Appointed 25 November 2009)
Steve Graham Howes	(Appointed 30 June 2010)
Andrew John Kerr	(Resigned 30 June 2010)
Craig Allan Carracher	(Resigned 25 November 2009)
Martin John Alan Green	(Alternate director, resigned 25 November 2009)

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

During the year the principal activities of the Group consisted of:
(i) operation of ski lifts, ski school, ski hire, retail and accommodation facilities at Mt Hotham and Falls Creek Alpine Resorts (Victoria), and operation of the Mt Hotham airport;
(ii) operation of aquariums in Melbourne and Mooloolaba (Australia), Bangkok (Thailand), Busan (Korea) and Shanghai (China), and management of Dubai Aquarium and Underwater Zoo (UAE);
(iii) operation of two 600 metre elevated Tree Top 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).

Distributions – Living and Leisure Australia Group

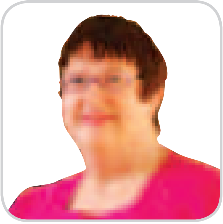
No distributions have been paid or declared since the end of the financial year and no distributions have been proposed or provided for by the directors of LLA.

	2010 $'000	2009 $'000
Final distribution for the year ended 30 June 2010 per stapled security:	**Nil**	Nil

No distributions have been made in 2010 and 2009.

Information on directors

Julanne Mary Shearer
Independent Non-executive Chair
Director since 24 March 2005



Experience and expertise

Julanne holds a Bachelor of Laws from the Queensland University of Technology and a Bachelor of Commerce from Griffith University. Julanne Shearer is a partner of Cronin Shearer Lawyers. She is a solicitor with extensive experience in the areas of managed investments, securities, Australian Financial Services licensing, fundraising and compliance. She has wide experience in general commercial matters including property development, leasing and complex business and company structures.

There were no other directorships of Australian listed companies over the past three years.

Special responsibilities

Chair of the Board
Chair of the Conflicts and Related Party Committee
Chair of the Remuneration Committee
Chair of the Nomination Committee

Interests in stapled securities

Julanne Shearer has a beneficial interest in Taj 248 Pty Ltd ACN: 120 345 011 ATF the B&J Shearer Superannuation Fund which hold 675,000 stapled securities in the Group.

Bruce Sinclair McComish
Independent Non-executive Deputy Chair
Director since 15 May 2006

Experience and expertise

Bruce holds a Bachelor of Commerce and Administration (Honours) from Victoria University of Wellington and is a fellow of the Institute of Chartered Accountants in Australia as well as a fellow of the Australian Society of Certified Practising Accountants. Bruce brings extensive commercial and corporate finance experience in the Australian and international business communities to Living and Leisure Australia Group. He has been the Chief Financial Officer of National Australia Bank and North Limited and worked for 18 years for Unilever PLC in Europe and Asia as well as Australia. Bruce moved from the National Australia Bank to law firm Corrs Chambers Westgarth serving as chairman of the banking practice and subsequently as the Chairman to BBY Limited, an Australian stockbroking and investment bank. Bruce is a director of Signature Capital Investments (formerly HFA Accelerator Plus Limited). The other Australian listed company of which Bruce has been a director in the last three years is Metal Storm Limited.

Special responsibilities

Deputy Chair of the Board
Member of the Conflicts and Related Party Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in stapled securities

Bruce McComish holds 224,625 stapled securities in the Group.

Brett David Chenoweth
Independent Non-executive Director
Director since 2 December 2008

Experience and expertise

Brett brings to the Board more than 18 years' experience working exclusively in the areas of consumer-focused media, technology, telecommunications and online businesses, having held senior executive roles at Telecom New Zealand, ecorp Ltd, ninemsn Pty Ltd and Village Roadshow Pictures Pty Ltd. Brett is currently the Managing Director and Head of Asia Pacific for The Silverfern Group Pty Ltd, a New York based specialist merchant bank. He is also Executive Chairman of Cesura Partners Pty Ltd, an Australian owned direct private investment company, and is a Director and Founder of Gizmo Corporation Pty Ltd, a leading Australian consumer IT services organisation.

There were no directorships of Australian listed companies over the past three years.

Special responsibilities

Member of the Audit and Risk Committee

Interests in stapled securities

None

Glenn Kevin Wein
Non-executive Director
Director since 25 November 2009

Experience and expertise

Glenn is the Head of Private Equity at Consolidated Press Holdings Limited ("CPH"), where he is responsible for CPH's unlisted portfolio of companies and investments including Arctic Capital Limited of which he is the Chief Executive Officer. Arctic Capital Limited is the parent company of Living and Leisure Australia Management Ltd. Prior to joining CPH, Glenn was a Managing Director of Rothschild Australia and the Head of Principal Investments. Glenn was formerly an investment banker with Morgan Stanley as an Executive Director of the mergers and acquisitions division based in both New York and Menlo Park. Prior to joining Morgan Stanley, Glenn was a corporate law attorney with Arnold Bloch Leibler. Glenn graduated with an MBA from Columbia Business School and holds both a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Melbourne.

Glenn was an alternate director of Sunland Group Limited within the past three years.

Special responsibilities

Member of the Audit and Risk Committee
Member of the Nomination Committee
Member of the Remuneration Committee

Interests in Stapled Securities

None

Steve Graham Howes
Independent Non-executive Director
Director since 30 June 2010

Experience and expertise

Steve has more than 22 years' experience in corporate and project finance in Australia and South East Asia, including as an adviser, financier and institutional fund manager in the real estate industry. Steve is currently an Executive Director of Archerfield Capital Partners Pty Limited, an independent advisory firm specialising in the Australasian property market. Prior to this Steve was Joint Head of Funds Management at Valad Property Group with responsibility for its Asia Pacific property funds management platform.

Formerly a banker, Steve was a Director and Head of Property Banking at N M Rothschild & Sons (Australia) Limited, specialising in advisory services and the arrangement of equity and debt (including underwriting and syndication) for a range of wholesale clients. In 2006 Rothschild sold its Australian banking operations to Investec Australia Limited and Steve left the business to take up a role as Director, Funds Management with Allco Finance Group. Prior to joining Rothschild in 2000, Steve held senior positions with Colonial Limited and Standard Chartered Bank, the latter in Australia, Singapore and Hong Kong. Steve holds a Bachelor of Business (Accounting & Finance) and a Master of Business Administration. He was appointed a Fellow of the Australian Property Institute in 2005.

There were no directorships of Australian listed companies over the past three years.

Special responsibilities

Chair of the Audit and Risk Committee
Member of Conflicts and Related Party Committee

Interests in stapled securities

None

Information on directors (continued)

Andrew John Kerr
Independent Non-executive Director
Director since 1 May 2009; resigned 30 June 2010

Experience and expertise

Andrew is currently a general manager at Grocon Investment Management and is responsible for capital transactions and real estate fund management initiatives. Andrew has extensive knowledge and over 25 years experience within the financial services and real estate industries and has held senior real estate investment banking positions at UBS, Goldman Sachs JBWere and most recently as managing director, Head of Real Estate, Merrill Lynch, Sydney.

There were no directorships of Australian listed companies over the past three years.

Special responsibilities

Chair of the Audit and Risk Committee
Member of Conflicts and Related Party Committee

Interests in stapled securities

Andrew held 239,957 stapled securities in the Group at the time of his resignation as a Director on 30 June 2010.

Craig Allan Carracher
Non-executive Director
Director since 11 August 2008; resigned 25 November 2009

Experience and expertise

Craig is the former CEO and managing partner of Arctic Capital Limited, an Asian private equity fund manager. Previously, Craig was the Group General Counsel of CPH and was a nominated board member to numerous CPH portfolio companies. Before his appointment with CPH, Craig was a partner of Minter Ellison Lawyers and Managing Partner of Minter Ellison's Indo China practice and Head of its International Trade Group. Craig was previously Special Advisor to the Chairman of ASIC and associate to the Rt Hon. Chief Justice Murray Gleeson. Craig holds an LLB and University Medal from the University of Sydney and a BCL from Magdalen College, Oxford University.

Craig is a director of ASX listed companies Kingsgate Consolidated Limited and Sunland Group Limited. He was a board member of Ellerston Capital Limited, the responsible entity of the ASX listed Ellerston GEMS Fund.

Special responsibilities

Member of the Nomination Committee
Member of the Remuneration Committee
Member of the Audit and Risk Committee

Interests in stapled securities

Craig was a limited partner of Arctic Asia Opportunities Fund, LP which has a relevant interest in all securities in the LLA Group held by Arctic LES (Ireland) Ltd.

Martin John Alan Green
Alternate Director for Craig Carracher
Alternate director since 11 August 2008; resigned 25 November 2009

Experience and expertise

Martin was managing director of Arctic Capital Limited, an Asian private equity fund manager controlled by CPH Group. Martin has over 10 years with CPH; sourcing, executing and monitoring investments. He has previously held several directorships with CPH portfolio investee companies and a broad range of international deal experience. Prior to CPH, he was with Ernst & Young Corporate Finance in London and Sydney. Martin is a qualified Chartered Accountant. Martin holds a Bachelor of Accounting & Finance (Honours) from the University of the West of England.

There were no directorships of Australian listed companies over the past three years.

Special responsibilities

None

Interests in stapled securities

None

Meetings of directors

The number of meetings of the board of directors and of each board committee held during the year ended 30 June 2010, and the number of meetings attended by each director were:

	Full meetings of directors		Unscheduled meetings of directors		Audit and Risk Committee		Conflicts and Related Party Committee		Remuneration Committee		Nomination Committee	
	A1	**A2**	**B1**	**B2**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Julanne Mary Shearer	6	6	6	6	-	-	3	3	2	2	3	3
Bruce Sinclair McComish	5	6	4	6	-	-	3	3	1	2	2	3
Craig Allan Carracher	2	2	3	3	4	4	-	-	-	-	-	-
Brett David Chenoweth	6	6	4	6	4	6	-	-	-	-	-	-
Steve Graham Howes	-	-	-	-	-	-	-	-	-	-	-	-
Glenn Kevin Wein	4	4	1	2	2	2	-	-	2	2	2	2
Andrew John Kerr	4	6	6	6	6	6	3	3	-	-	1	1

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
A1 = Number of scheduled meetings attended
A2 = Number of scheduled meetings held during the time the director held office during the year
B1 = Number of non-scheduled meetings attended
B2 = Number of non-scheduled meetings held during the time the director held office during the year

Review of operations

Further details regarding the results and operations appear in the annual report.

A summary of consolidated revenues and results by significant industry segments and cash generating business units is set out below:

	Segment revenues		Segment results (EBITDA)	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Ski Fields	**47,954**	45,888	**11,750**	(166)*
Aquariums	**64,629**	68,820	**14,430**	19,266
Tree Top Walks	**4,651**	4,409	**2,070**	(933)*
Property	**73**	2,728	**(614)**	410
Other	**203**	1,428	**(4,600)**	577
Total continuing operations	**117,510**	123,273	**23,036**	19,154

* included in the 2009 segment results is impairment losses of $10.715 million for Ski Fields and $3.204 million fixed asset write-down for Tree Top Walks.

Refer Segment note 5 to the Financial Statements for more detailed analysis.

Review of operations (continued)

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

(a) Ski Fields

Low natural snowfalls provided a slow start to the 2009 ski season, however good falls through the season, and use of improved snow-making ability resulted in a strong 2009 season overall. The business was able to achieve a 3% increase in skier days across the season, with increases achieved at both Mt Hotham and at Falls Creek. Ski Field revenues have delivered a strong increase to $47.954 million, an increase of 4.5% on the 2009 result. Operating costs have been held to a 2.5% increase overall, delivering a positive EBITDA contribution of $11.750 million.

Further investment in snow-making equipment at both Falls Creek and Mt Hotham was undertaken during the summer months. Low natural snowfalls for the start of the 2010 season were augmented by our improved snow-making operations which enabled reasonable visitation and revenue levels for June 2010.

(b) Aquariums

LLA's aquarium business, Oceanis, has experienced a challenging year. Overall EBITDA results declined by 25% to $14.430 million, driven by lower revenues for the segment. The civil unrest in Bangkok resulted in the closure of Siam Ocean World for a prolonged period, with a corresponding reduction in visitation and revenue levels. LLA's Shanghai Chang Feng Ocean World in China also suffered a decline in visitation and revenue, due to the fear of an H1N1 influenza outbreak in winter, and with the 2010 World Expo in Shanghai providing a significant alternate attraction for visitors. This decline in visitation was suffered despite the opening of the expansion of the Mammal Stadium in May 2009.

The Australian operations suffered reduced visitation, with the Melbourne Aquarium visitation levels reducing to more ordinary levels following the higher visitation levels associated with the opening of the $28.000 million expansion of the world-class Antarctica exhibit, on 28 November 2008. UnderWater World at Mooloolaba on Queensland's Sunshine Coast also experienced reduced patronage. Revenue levels for the Busan Aquarium on Haeundae Beach in South Korea showed marginal decrease over the prior year. Expense levels have been managed assiduously across the Oceanis business, increasing only slightly over the prior year.

(c) Tree Top Walks

The Tree Top Walks business posted a modest increase in revenue generation, however the segment suffered a decline in EBITDA over the year, after allowing for the $3.204 million write off in fixed assets in the prior year. The Otway Fly, a 600 metre elevated walk in the rainforest tree tops in the Otway Ranges (Victoria), along the Great Ocean Road managed to increase revenue levels in 2010, despite having lower visitation levels. The Illawarra Fly in New South Wales has however suffered a decline in both visitation and revenue levels. Management continues to review the operations to appropriately target marketing to potential areas of growth.

Management has undertaken strategies to improve the results for these attractions, with plans announced in July 2010 for the construction of a world-class Zip Line Adventure Tour at Otway Fly. LLA will invest $1.400 million in the new Zip Line which is expected to be operational by October 2010.

(d) Property

No new property sales were settled during 2010. Subdivided land held as part of the Freehold 1775 development at Mt Hotham incurs only holding costs on an ongoing basis and is not subject to further development costs. AAE continues to actively pursue the sale of non-core property at both Falls Creek and Mt Hotham.

(e) Other

Comprises corporate management and supervisory costs. In prior years a number of one-off items impacting Group results have been shown in this segment. Such items do not impact the underlying trading results of the Group's operating segments.

Significant changes in the state of affairs

The changes to the state of affairs during the financial year in chronological order are detailed below.

July 2009 – the Group relocated its principal administrative office to Level 3, 525 Flinders Street, Melbourne, Victoria.

November 2009 – the Group announced the appointment of Mr Glenn Wein as a director of the Company and the Responsible Entity. Craig Carracher a director of the Company and Responsible Entity tendered his resignation, along with that of Martin Green, his alternate.

April and May 2010 – the Siam Ocean World aquarium was temporarily closed due to the civil unrest which occurred in Bangkok during those months. Curatorial staff were able to attend the premises and provide appropriate care for the exhibits throughout this protracted period of civil unrest.

May 2010 – Mr Andrew Kerr a director of the Company and Responsible Entity tendered his resignation.

May 2010 – The Memorandum of Understanding between the Victorian State Government, the Mt Hotham Resort Management Board and LLA for a project encompassing realignment of the Great Alpine Road and subsequent development of residential and commercial property lapsed.

June 2010 – the Group appointed Mr Steve Howes as a director of the Company and Responsible Entity.

Matters subsequent to the end of the financial year

LLA issued 101,966,500 options to key executives on 30 July 2010. Each option entitles the holder to apply for one stapled security at an exercise price of $0.04. The options are exercisable in tranches subject to performance, liquidity and other requirements. The options were issued for no consideration, in order to provide a long-term incentive to key employees. The options were not issued to a class of security holders and are not quoted on the ASX.

In July 2010 LLA announced plans to construct a world-class Zip Line Adventure Tour at its Otway Fly tree top walk. LLA will invest $1.400 million in the new Zip Line which is expected to be operational by October 2010.

Except for the matters discussed above, no other matter or circumstance has arisen since the end of the financial year which has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group.

Likely developments and expected results

The directors look forward to an improvement in trading performance of the Group's operations during the 2011 financial year, with benefits flowing from the construction of the new Zip Line at the Otway Fly. Trading performance is expected to improve in Bangkok as the political situation becomes more stable, and also in Shanghai following the closure of the 2010 World Expo held earlier in the year.

Environmental regulation

The Group's operations are subject to normal environmental regulations under both Commonwealth and State legislation as it relates to the ongoing operational activities of the ski fields, tree top walks and local aquariums. The overseas aquariums are also subject to environmental regulations in the respective foreign jurisdictions. However, the directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

The Group's operations are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law in relation to its investment properties.

Interests of the Responsible Entity and Trust

Neither Living and Leisure Australia Management Limited ("Responsible Entity") nor the Trust held any stapled securities or options in the Living and Leisure Australia Group during the year.

Arctic Capital Limited, the parent of Living and Leisure Australia Management Limited holds 1,332,199,171 stapled securities or 48.86% of issued capital of the Group.

Responsible Entity's remuneration

In accordance with the Trust's constitution, the Responsible Entity is entitled to receive:
(a) a base fee of up to 0.2% per annum of the Gross Asset Value of the Trust;
(b) an incentive fee of 2.75% of the distributed income, to a maximum of 3.5% if the distributed amount exceeds 9.25% of net assets; and
(c) an acquisition fee of up to 1% of the purchase price of the asset or property acquired.

There was no incentive fee or acquisition fee paid to the Responsible Entity during the financial year.

No fees or remuneration are paid directly to any director of the Responsible Entity by the Group.

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year:

Responsible Entity fees	**2010 $'000**	2009 $'000
Base fees	**745**	854
Total	**745**	854

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2010 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, and includes the five executives of the Group receiving the highest remuneration.

The Remuneration Report is set out under the following main headings:
(a) Individual key management personnel disclosures
(b) Board oversight of remuneration
(c) Principles used to determine the nature and amount of remuneration;
(d) Details of remuneration;
(e) Service agreements; and
(f) Security based compensation.

(a) Individual key management personnel disclosures

Details of KMP including the top five remunerated executives of the Group are set out below.

(i) Directors

• Julanne Mary Shearer	Independent Chair (non-executive)
• Bruce Sinclair McComish	Independent Deputy Chair (non-executive)
• Brett David Chenoweth	Independent Director (non-executive)
• Glenn Kevin Wein	Director (non-executive) – Appointed 25 November 2009
• Steve Graham Howes	Independent Director (non-executive) – Appointed 30 June 2010
• Andrew John Kerr	Independent Director (non-executive) – Resigned 30 June 2010
• Craig Allan Carracher	Director (non-executive) – Resigned 25 November 2009
• Martin John Alan Green	Alternate Director (non-executive) – Resigned 25 November 2009

(ii) Executives

• John Schryver	Chief Executive Officer, LLA Group and AAE
• Donovan Newton	Chief Financial Officer and Company Secretary, LLA Group
• Kevin Lehmann	Group General Manager, Oceanis Group
• Peter King	Chief Financial Officer and Company Secretary, AAE
• Helen Moran	General Manager, AAE Property Division and Tree Top Walks

Other than the retirement of Kevin Lehmann on 21 July 2010 and the appointment of Geoffrey Olson as his replacement, there were no changes to KMP after reporting date and before the date the financial report was authorised for issue.

(b) Board oversight of remuneration

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors and executives.

The Remuneration Committee assess the appropriateness of the nature and amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the Remuneration Committee may also engage external consultants to provide independent advice.

The Remuneration Committee comprises three non-executive directors. Further information on the committee's role, responsibilities and membership can be seen at www.livingandleisure.com.au.

Remuneration approval process

The Board sets the aggregate remuneration of non-executive directors which is then subject to security holder approval. The Board approves the remuneration arrangements of the CEO following recommendations from the Remuneration Committee. The Remuneration Committee reviews, having regard to the recommendations made by the CEO, the remuneration framework and the level of any short-term incentive payments of executives.

(c) Principles used to determine the nature and amount of remuneration

Consequences of performance on unitholder wealth

In considering the Group's performance and benefits for unitholder wealth, the Remuneration Committee have regard to the following performance information in respect of the current financial year and the previous four financial years.

	2010 $	2009 $	2008 $	2007 $	2006 $
Net profit / (loss)	**(2,759,000)**	(15,432,000)	(74,754,000)	(11,618,000)	(926,000)
Profit attributable to unitholders	**(7,080,000)**	(5,199,000)	(13,414,000)	4,124,000	-
Distributions per unit	**-**	-	$0.0317	$0.07	-
Stapled security price at 30 June	**$0.02**	$0.02	$0.05	$0.97	$1.00
Net tangible assets per stapled security at 30 June	**$0.03**	$0.03	$0.01	$0.47	$(18.80)
Return on capital employed	**1.91%**	(1.33)%	(56.32)%	9.25%	(0.15)%

Profit / (loss) is considered as one of the indicators of financial performance in setting remuneration level and amounts. Profit / (loss) amounts for 2006 to 2010 have been calculated in accordance with Australian Accounting Standards.

The performance of the Group is but one of the inputs when considering the compensation of key management personnel. Over the past four years the Group's net profit has been negative, and this has been reflected in the stapled security price, the net tangible asset position and the return on capital employed over that same period.

The consequence of these levels of performance by the Group on the remuneration of key management personnel has been the lowering of remuneration in total in recent years, when compared with the earlier years shown above. The total remuneration of the key management personnel in the current financial year is below the average remuneration level of key management personnel over the period shown above. Another consequence of the performance indicated in the table above has been the change of personnel in the key management personnel over that same period.

(c) Principles used to determine the nature and amount of remuneration (continued)

CEO and senior executives

The remuneration policy is designed to drive superior performance. The objective of the Group's executive reward framework is to have policies and practices that will enable it to attract, retain, motivate and reward executives of the calibre required to be successful in terms of delivering long-term returns to security holders.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- reward executives for the Group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of security holders;
- link reward with the strategic goals and performance of the Group; and
- to ensure total compensation is competitive by market standards.

Executive remuneration consists of a fixed component and a variable component. Generally executives are paid a base salary which is both reasonable and market competitive. Depending on both individual performance in successfully completing internal projects and Group performance, a discretionary bonus may be paid. The objective of this short-term incentive is to link the achievement of both individual performance and Group performance with the compensation received by the executive.

While the Group has not offered any long-term incentive scheme or securities as part of its policy for remunerating executives in the financial year ended 30 June 2010, a senior executive incentive scheme has been offered in July 2010.

Non-executive directors

In accordance with best practice corporate governance, the structure of the non-executive director and executive remuneration is separate and distinct.

The Board's focus is on strategic direction, long-term corporate performance and creation of security holder value. As a consequence, non-executive director fees are not directly related to LLA's short-term results and they do not receive performance-based remuneration to maintain their independence and impartiality. However, the Board undertakes ongoing self-assessment of its performance. In setting fee levels, the Board takes into account:

- the general time commitment required from directors and the risks associated with discharging the duties attaching to the role of director;
- independent professional advice; and
- fees paid by comparable companies.

The Remuneration Committee will continue to review its approach to the remuneration of non-executive directors ensuring it remains in line with general industry practice and principles of good corporate governance. The remuneration of non-executive directors consists of directors fees. Directors are not paid separate committee fees, do not receive retirement benefits, do not participate in incentive programs, and do not receive any securities as part of their remuneration.

(d) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Living and Leisure Australia Group are set out in the following tables.

2010	Short-term benefits			Post employment	Long-term benefits				
Name	Salary, allowances and fees $	Cash bonus* $	Non-monetary benefits $	Super-annuation $	Long service leave $	Termin-ation payment $	Security based payment $	Total $	Perfor-mance related %
Non-executive directors									
Julanne Shearer[1]	77,982	-	-	7,018	-	-	-	85,000	-
Bruce McComish[1]	60,189	-	-	5,367	-	-	-	65,556	-
Brett Chenoweth[1]	60,000	-	-	5,400	-	-	-	65,400	-
Glenn Wein[2,3]	-	-	-	-	-	-	-	-	-
Steve Howes[1,4]	205	-	-	-	-	-	-	205	-
Craig Carracher[2,5]	-	-	-	-	-	-	-	-	-
Andrew Kerr[1,6]	91,743			8,257	-	-	-	100,000	-
Key management personnel									
John Schryver, CEO – LLA and AAE	486,744	-	-	13,256	388	-	-	500,388	-
Donovan Newton, CFO and Company Secretary – LLA	250,524	-	-	14,461	128	-	-	265,113	-
Kevin Lehmann, Group General Manager – Oceanis	268,110	30,000	5,673	15,266	5,084	-	-	324,133	9.3%
Peter King, CFO and Company Secretary – AAE	194,145	-	-	14,945	2,789	-	-	211,879	-
Helen Moran, General Manager, AAE Property Division, Tree Top Walks	161,522	-	-	14,537	6,143	-	-	182,202	-
Total	**1,651,164**	**30,000**	**5,673**	**98,507**	**14,532**	**-**	**-**	**1,799,876**	**-**
Other Group executives									
Geoffrey Olson, General Manager – Siam Ocean World Aquarium[7]	344,967	-	25,000	-	-	-	-	369,967	-
Young Pil Kim, General Manager – Busan Aquarium[7]	276,577	78,780	-	-	-	-	-	355,357	

* The cash bonus is a discretionary bonus paid to executives based on performance in the 2009 / 2010 financial year in accordance with the remuneration policy outlined above. As the bonus is discretionary, the maximum value of the bonus is the amount of the bonus paid. The minimum value of the bonus is nil.

1. The fees of the non-executives directors (Julanne Shearer, Bruce McComish, Brett Chenoweth, Steve Howes and Andrew Kerr) were being shared equally between the Responsible Entity and the Company. Fees paid by the Responsible Entity were not recharged to the Group.
2. No director fee or other remuneration was paid to Glenn Wein, or to Craig Carracher or his alternate, Martin Green.
3. Glenn Wein was appointed on 25 November 2009.
4. Steve Howes was appointed on 30 June 2010.
5. Craig Carracher and his alternate Martin Green resigned on 25 November 2009.
6. Andrew Kerr resigned on 30 June 2010.
7. Denotes one of the 5 highest paid executives of the Group, as required to be disclosed by the *Corporations Act 2001*.

(d) Details of remuneration (continued)

2009	Short-term benefits			Post employment	Long-term benefits				
Name	Salary, allowances and fees $	Cash bonus* $	Non-monetary benefits $	Super-annuation $	Long-service leave $	Termination payment $	Security based payment $	Total $	Performance related %
Non-executive directors									
Julanne Shearer[1]	63,750	-	-	-	-	-	-	63,750	-
Bruce McComish[1]	49,694	-	-	4,472	-	-	-	54,166	-
Craig Carracher[2]	-	-	-	-	-	-	-	-	-
Brett Chenoweth[1]	35,000	-	-	3,150	-	-	-	38,150	-
Andrew Kerr[1]	10,000	-	-	900	-	-	-	10,900	-
John Warburton[1,3]	13,761	-	-	1,239	-	-	-	15,000	-
Key management personnel									
John Schryver, CEO – LLA and AAE	486,255	75,000	-	13,745	7,418	-	-	582,418	12.9%
Donovan Newton, CFO and Company Secretary – LLA[4]	178,205	-	-	10,309	228	-	-	188,742	-
Kevin Lehmann, Group General Manager – Oceanis Group	254,171	30,000	5,551	12,599	7,806	-	-	310,127	9.7%
Peter King, CFO and Company Secretary – AAE	211,888	75,000	-	14,945	(2,876)	-	-	298,957	25.1%
Helen Moran, General Manager, AAE Property Division, Tree Top Walks	156,817	18,349	-	15,765	1,883	-	-	192,814	9.5%
Total	**1,459,541**	**198,349**	**5,551**	**77,124**	**14,459**	**-**	**-**	**1,755,024**	**-**

* The cash bonus is a discretionary bonus paid to executives based on performance in the 2008 / 2009 financial year in accordance with the remuneration policy outlined above. As the bonus is discretionary, the maximum value of the bonus is the amount of the bonus paid. The minimum value of the bonus is nil.

1. The fees of the non-executives directors (Julanne Shearer, Bruce McComish, John Warburton, Brett Chenoweth and Andrew Kerr) were being shared equally between the Responsible Entity and the Company. Fees paid by the Responsible Entity were not recharged to the Group.
2. The Group did not pay any director fee or other remuneration to Craig Carracher or his alternate, Martin Green.
3. John Warburton resigned on 1 December 2008.
4. Donovan Newton was not employed for the full year by the Group (commenced on 16 October 2008).

(e) Service agreements

All non-executive directors enter into a service agreement with the Group. The remuneration and other terms of employment for key management personnel are formalised in their employment agreements. The key provisions of the employment agreements for key management personnel are as follows:

<table>
<tr><th colspan="2">Term</th><th>John Schryver</th><th>Donovan Newton</th><th>Kevin Lehmann</th><th>Peter King</th><th>Helen Moran</th></tr>
<tr><td colspan="2">Length of contract and expiry where applicable</td><td>3 years expiring on 31 December 2011</td><td>Open ended</td><td>Retired 21 July 2010</td><td>Open ended</td><td>Open ended</td></tr>
<tr><td colspan="2">Base salary</td><td>500,000</td><td>264,985</td><td>283,376</td><td>209,090</td><td>176,059</td></tr>
<tr><td colspan="2">Superannuation</td><td>A</td><td>A</td><td>A</td><td>A</td><td>A</td></tr>
<tr><td colspan="2">Short-term incentive</td><td>B</td><td>B</td><td>B,D</td><td>B</td><td>B</td></tr>
<tr><td colspan="2">Long-term incentive</td><td>C</td><td>C</td><td>C</td><td>C</td><td>C</td></tr>
<tr><td rowspan="3">End of contract payment</td><td>Employer-initiated termination</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice or payment in lieu of notice</td></tr>
<tr><td>Termination of serious misconduct</td><td>No notice required</td><td>No notice required</td><td>No notice required</td><td>No notice required</td><td>No notice required</td></tr>
<tr><td>Employee-initiated termination</td><td>3 months notice</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice or payment in lieu of notice</td><td>3 months notice</td><td>3 months notice</td></tr>
</table>

A = Statutory contributions are included in base salary.

B = Eligible to participate in a bonus scheme.

No bonus scheme was approved by the Board for financial year ended 30 June 2010.

C = Eligible to participate in incentive plan. No incentive plan was implemented in 2010 financial year.

D = Discretionary bonus paid in 2010.

(f) Security based compensation

The Group has not offered any short or long-term employee security based incentive schemes to employees for financial year ended 30 June 2010. However an incentive scheme was offered to senior executives in July 2010. Under the scheme options issued entitled participants to apply for stapled securities. The options are unlisted and will be exercisable in tranches, subject to executive performance, liquidity and other requirements.

Indemnification and Insurance premiums for officers

Indemnification

Under the Trust's constitution, the Responsible Entity including its officers and employees is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in performing or exercising any of its powers, duties or rights in relation to the Trust.

The Company's constitution allows the Company to indemnify its directors and officers out of the Company's assets for any losses, liabilities, costs, charges and expenses incurred by directors and officers as an officer of the Company.

The indemnity does not apply where the liability is owed to the Responsible Entity and the Company or any of its subsidiaries or associated companies where the liability arises out of a lack of good faith, wilful misconduct, reckless misbehaviour or fraud.

In addition, the Company and Responsible Entity have granted deeds of access insurance and indemnity to current and former directors and current secretary, Donovan Newton. The deed covers a number of issues including indemnity, directors' and officers' liability insurance, right to access documents, independent advice and requirements concerning confidential information. Under these deeds, the Company and Responsible Entity indemnify, to the maximum extent permitted by the law, the current and former directors and secretary.

No amount has been paid out under this indemnity during or since the end of the financial year.

Under each deed, the Company and Responsible Entity is also required to maintain and pay the premiums on a contract of insurance covering directors and secretaries against liabilities incurred. The insurance must be maintained until the seventh anniversary after the date when the relevant person ceases to hold office. The insurance policy prohibits disclosure of the nature of the cover, the amount of premium, the limit of liability and other terms.

Insurance Premiums

No insurance premiums are paid out of Trust assets in relation to insurance covers for the Responsible Entity, or its directors and officers.

Securities on issue

The number of stapled securities on issue in the Group as at the date of this report is 2,726,286,083 stapled securities. Other than issuing 101,966,500 unlisted options over stapled securities arising from the senior executive incentive scheme on 30 July 2010, no stapled securities were issued during the financial year and before the date the financial report was authorised for issue.

A total of 45,274,832 escrowed stapled securities in connection with Illawarra Fly acquisition was released from holding lock during the financial year. No stapled securities were in escrow as at the date of this report.

Proceedings on behalf of the Group

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor

Ernst & Young continues as Auditor of the Trust and the Company in accordance with section 327 of the *Corporations Act 2001*.

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 or payable to the auditor (Ernst & Young) for non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, 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 they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2010 $	2009 $
Other assurance services		
Ernst & Young Australia		
Audit and review of financial reports	**1,500**	-
Related practices of Ernst & Young Australia	**-**	249,955
Total remuneration for other assurance services	**1,500**	249,955
Other services		
Ernst & Young Australia		
Other services	**-**	-
Total remuneration for other services	**-**	-
Total remuneration for non-audit services	**1,500**	249,955

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 42.

Rounding of amounts

In accordance with the Australian Securities and Investments Commission Class Order 98/100, amounts in this directors' report and the accompanying financial report have been rounded off to the nearest thousand Australian dollars, unless stated otherwise.

This report is made in accordance with a resolution of directors.

Julanne Shearer

Julanne Mary Shearer
Chair
27 August 2010

Auditor's independence declaration

30 June 2010

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Living and Leisure Australia Group

In relation to our audit of the financial report of Living and Leisure Australia Group for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

David McGregor
Partner
27 August 2010

Corporate governance statement

30 June 2010

Corporate governance statement

The Group and its board of directors ("Board") are committed to achieving and demonstrating the highest standards of corporate governance. This corporate governance statement is in relation to the corporate governance practices which are in place for the Responsible Entity of the Trust and the Company.

This corporate governance statement refers to the corporate governance principles and practices followed by the Group during the financial year ended 30 June 2010 ("the Period"). In determining what principles and practices should entail, the Group has compared its standards to those in the ASX Corporate Governance Council's ("Council") Principles of Good Corporate Governance and Best Practice Recommendations published in August 2007. Outlined below are the main corporate governance practices that were in place throughout the Period, which comply with the revised ASX Corporate Governance Council principles and recommendations, unless otherwise stated.

To illustrate where the Group has addressed each of the Council's recommendations, the following table cross-references each recommendation to the page number of this annual report.

	Council recommendations	Reference	Compliance
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Page 45	Comply
1.2	Disclose the process for evaluating the performance of senior executives.	Page 45	Comply
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	Page 45	Comply
Principle 2	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors.	Page 45	Comply
2.2	The chair should be an independent director.	Page 45	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Page 46	Comply
2.4	The Board should establish a Nomination Committee.	Page 47	Comply
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Page 47	Comply
2.6	Provide the information indicated in *Guide to reporting on Principle 2*.	Page 47	Comply
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity. 3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Page 47	Comply
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Page 47	Comply
3.3	Provide the information indicated in *Guide to reporting on Principle 3*.	Page 47	Comply

	Council recommendations	Reference	Compliance
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an Audit Committee.	Page 48	Comply
4.2	Structure the Audit Committee so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members.	Page 48	Comply
4.3	The Audit Committee should have a formal charter.	Page 48	Comply
4.4	Provide the information indicated in *Guide to reporting on Principle 4*.	Page 48	Comply
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Page 48	Comply
5.2	Provide the information indicated in *Guide to reporting on Principle 5*.	Page 49	Comply
Principle 6	**Respect the rights of security holders**		
6.1	Design a communications policy for promoting effective communication with security holders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Page 49	Comply
6.2	Provide the information indicated in *Guide to reporting on Principle 6*.	Page 49	Comply
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Page 49	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Page 49	Comply
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Page 49	Comply
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	Page 49	Comply
Principle 8	**Remunerate fairly and responsibly**		
8.1	Establish a Remuneration Committee	Page 49	Comply
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Page 49	Comply
8.3	Provide the information indicated in *Guide to reporting on Principle 8*.	Page 49	Comply

Board of directors

The role and responsibilities of the Board

The management and control of the Trust is vested in the Board of the Responsible Entity and the management and control of the Company is vested in the Board of the Company. Under the Trust's constitution the Responsible Entity is responsible for the day-to-day operations of the Trust. To ensure the management and control of the Group is aligned, the Responsible Entity and the Company have common boards of directors.

The Board exercises its powers and perform its obligations in accordance with the provisions of the Company's and the Trust's constitutions and the Corporations Act. Specific matters reserved for determination by the Board include strategic and financial performance; audit, risk management and compliance; corporate governance and performance evaluation of the Board and senior executives. The Board has delegated a number of these responsibilities to the Committees of the Board. The primary duties and obligations are set out in the Board Charter and the charter is available at the Group's website, www.livingandleisure.com.au.

The Board normally schedules six meetings per year and meets in the intervening periods when warranted. The agenda is prepared by the Company Secretary in conjunction with the Chief Executive Officer ("CEO") and the Chair. Typically at board meetings the agenda will include minutes of previous meeting, outstanding issues raised by directors at previous meetings, CEO report, Chief Financial Officer ("CFO") report, financial reports, reports from business units, reports on major projects and current business issues, major business proposals, compliance report and risk report.

Board delegation to management and Committees

The Board has established an Audit and Risk Committee, a Conflicts and Related Party Committee, a Remuneration Committee and a Nomination Committee (collectively "Committees"). Each Committee has a charter which governs its roles, responsibilities and duties. All Committees comprise a majority of independent non-executive directors. As the LLA Board comprises a majority of independent directors, it fulfils the functions of the Compliance Committee and a separate Compliance Committee is not required.

There is a clear division between the responsibility of the Board and management. The Board has delegated the authority and responsibility for managing the everyday affairs of the Group to the CEO and through the CEO to other executive management. The Board has also delegated some responsibilities to the Committees.

From time to time special / specific purpose committees are formed by the Board to deal with specific matters.

Management performance evaluation

The Board, in conjunction with the Remuneration Committee, are responsible for approving the performance objectives and measures for the CEO and other senior executives and providing input into the evaluation of performance against them. Meeting the key performance indicators established under the senior executive incentive scheme ("Scheme") is a pre-requisite for the exercise of options. Senior management performance evaluations will be conducted in tandem with the Scheme arrangements.

Structure of the Board

Composition of the Board

The composition of the Board is reviewed annually to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new member with particular skills, the Board selects the candidate with the most appropriate expertise and experience.

The composition of the Board is determined using the following principles:

- The Board of the Company is to consist of at least four directors and the Board of the Responsible Entity should comprise the same members as the Board of the Company. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chair must be an independent non-executive director. It is preferable that the majority of the Board must be independent of management and all directors are required to bring independent judgement to bear in their decision making.
- The Board should comprise members with a broad range of expertise and skills to encourage enhanced performance of the Group.

The Board meets on a regular basis and is required to keep abreast of all pertinent business developments and issues, the Group's operations and performance of the business and approve all strategic decisions relating to future direction of the Group.

Directors' independence

The Board Charter sets out independence criteria in order to establish whether a non-executive director has a relationship with LLA which could (or could be perceived to) impede their decision making. These state that to be deemed independent, a director must be a non-executive and:

- Not a substantial security holder of the Group or an officer of, or otherwise associated directly with, a substantial security holder of the Group.
- Not be, nor within the last three years have been, employed in an executive capacity by the Group or any other Group member, or been a director after ceasing to hold any such employment.
- Not be, nor within the last three years have been, a principal of a material professional adviser or a material consultant to the Group or any other Group member, or an employee materially associated with the service provided.
- Not be, nor within the last three years have been, a material supplier or customer of the Group or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Have no material contractual relationship with the Group or any other Group member other than as a director of the Group.
- Have not been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group.
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group.

During the financial year, the Board maintained a majority of independent directors.

Conflicts of interest

Over and above the issue of independence, each director has a continuing responsibility to determine whether they have a potential or actual conflict of interest in relation to any material matter before the Board. Such situation may arise from external associations, interests or personal relationships.

A director may not exercise any influence over the Board if a potential conflict of interest exists. In such circumstances, the director may not be present for Board deliberations on the subject and may not vote on any related board resolutions. These matters, should they occur, are recorded in the board minutes.

Chair of the Board

The Board elects one of the independent non-executive directors to be the Chair. Our current Chair is Julanne Mary Shearer who has been the Chair of the LLA Board since December 2005. Her role is separate to that of our CEO, John Schryver.

Term of office

The terms and conditions of the appointment and retirement of members of the Board are set out in writing. The letter of appointment covers the following matters:

- the manner in which remuneration is determined;
- fellow directors;
- the term of the appointment, subject to member approval;
- the powers and duties of a director;
- the expectations of the Board in relation to preparation for and attendance at board meetings;
- the expectations regarding Committee work;
- confidentiality requirements;
- the procedures for dealing with conflicts of interest;
- the requirement to disclose directors' interest in any matter that may affect directors independence;
- the availability of independent professional advice;
- insurance arrangements; and
- provision of a copy of the Group's constitutions.

Directors' induction and education

The Group has a process to educate directors about the nature of the business, current issues and the corporate strategy. The induction program includes meetings with the Chair, the CEO, other board members and senior executives of the Group. The Group also supports the directors in completing relevant training and continuous education activities required as a result of their position.

Access to information and professional advice

All directors have unrestricted access to company records and information and receive regular detailed financial and operational reports from executive management. Each director also enters into a deed of access, insurance and indemnity ensuring seven year access to documents after their retirement as a director.

The Chair and other non-executive directors regularly consult with the CEO, CFO and other senior executives.

The Board collectively, and each director individually, has the right to seek independent professional advice, at our expense, to help them carry out their responsibilities. While the Chair or the CEO approval is needed, it may not be unreasonably withheld.

Nomination Committee

The Group has a Nomination Committee consisting of three members, a majority of which are independent directors.

The Nomination Committee operates in accordance with the Group's Nomination Committee Charter. The Nomination Committee advises the Board on matters relating to the nomination and performance of the Board. Details of the qualifications of members of the Nomination Committee and their attendance at meetings of the Committee are set out in the Directors' Report. A copy of the Nomination Committee Charter is available on LLA's website, www.livingandleisure.com.au.

Board performance evaluation

The Board's performance is evaluated annually. For financial year 2010, the Board adopted a self-evaluation process to measure its own performance and the performance of its Committees. The process is conducted through review and analysis of responses to confidential questionnaire's completed by each director. The results of the questionnaires were collated and statistically analysed to rank collective board performance against each topic.

The Board reviewed and discussed the summary of the overall results compiled by the Nomination Committee and Remuneration Committee. Significant issues identified or changes recommended are actioned in the Board's ongoing development program.

Ethical standards and responsible decision making

Code of Conduct

The Group has developed a Code of Conduct ("Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour, professionalism and business ethics necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Group personnel act with the utmost honesty, integrity, objectivity and in compliance with the letter and the spirit of the law and Group's policies.

The Code is made available to all directors and employees. The Code requires directors and employees who are aware of unethical practices within the Group or breaches of the Group's policies to report them using the Group's whistleblower program. This can be done anonymously.

The directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities during the financial year ended 30 June 2010.

Insider trading and trading in LLA securities

Directors and employees are allowed to acquire securities in the Group provided they comply with the provisions of the Group's trading policy. The trading policy prohibits directors and employees and their associates from trading in the Group's stapled securities where they are in possession of price sensitive information which is not publicly available or during "blackout" periods.

Directors and employees must notify the Company Secretary of any acquisition or disposal of securities in the Group. The Company Secretary will advise the ASX of any transactions conducted by the directors in relation to the securities in the Group. A register of interests is maintained which records holdings of securities in the Group by directors and employees.

Corporate responsibility and sustainability

The Group views sustainability and responsible business practices as important for our business and to add security holder value. This means conducting our business in a responsible, trustworthy and ethical manner, while accepting our accountability for our impacts on society and the environment.

The Group is involved and committed to continue investing in initiatives to preserve and protect the environment in which the Group is operating. Social and environmental initiatives undertaken by the Group can be found at the Group's website, www.livingandleisure.com.au.

Safeguard integrity in financial reporting

Audit and Risk Committee

LLA's Audit and Risk Committee consists of a minimum of three non-executive directors, the majority of which are independent directors.

The main responsibilities of the Committee are to:

- review, assess and approve the annual report, the half-year financial report and all other financial information published by the Group or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations; and
  - reliability of financial reporting.
- oversee the effective operation of the risk management framework;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance of the auditor;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence; and
- report to the Board on matters relevant to the Committee's role and responsibilities.

In fulfilling its responsibilities, the Audit and Risk Committee:

- receives regular reports from management and external auditors;
- meets with the external auditors at least twice a year, or more frequently where necessary;
- reviews the processes in place by the CEO and CFO to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any point in time to either the Chair of the Audit and Risk Committee or the Chair of the Board.

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Details of the qualifications of members of the Audit and Risk Committee and their attendance at meetings of the Committee are set out in the Directors' Report. The Audit and Risk Committee Charter is available at www.livingandleisure.com.au.

CEO and CFO certification

The CEO and CFO state in writing to the Board at each reporting period that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards. The certification from the CEO and CFO are based on a formal sign off framework established throughout the Group and reviewed by the Audit and Risk Committee as part of the six-monthly financial reporting process.

The Board has received and is satisfied with certification provided by the CEO and CFO that the Group's risk management and internal control systems are sound and operating effectively in all material aspect in relation to financial reporting risks for financial year ending 30 June 2010.

External auditor

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and comply with applicable accounting standards.

The external auditor, Ernst & Young has declared its independence to the Board. The Audit and Risk Committee had examined detailed material provided by the external auditor and by management and had satisfied itself that the standards of auditor independence and associated issues are fully complied with.

The roles of lead audit partner and review audit partner are rotated every five years.

Market disclosure

The Group is committed to provide all investors with timely and equal access to information. The Group recognises that forthright communications are the key to building value and maintaining security holder confidence. The Group acknowledges that for it to prosper and achieve growth it must be forthright in its communications and consistently deliver on its commitments.

In keeping with this commitment, the Group ensures that all information that has a material effect on or may lead to a substantial movement in the price or value of the Group's securities is disclosed per ASX Listing Rules.

The Company Secretary is responsible for reviewing proposed disclosures and considering what information can be or should be disclosed to the market. In addition to ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules, he will oversee and coordinate information disclosure to analysts, brokers, shareholders, the media and to the general public.

The market disclosure policy and announcements we made to the ASX are available at www.livingandleisure.com.au.

Security holder communication

The Group has a security holder communication policy which aims to provide all security holders comprehensive, timely and equal access to balanced information about our activities so that they can make informed investment decisions and provide undivided support to our business. Principal communications to investors are through the provision of the annual report, financial statements, market announcements and security holder meetings.

We regard the Annual General Meeting ("AGM") as an important opportunity for engaging and communicating with security holders. Security holders are encouraged to attend and actively participate in our AGM. Security holders are invited to put forward questions that they would like to be addressed at the AGM at the time of receipt of the notice of meeting.

We also publish on our website the interim financial reports, annual reports, ASX announcements and notices of meeting. Our communication policy is available at www.livingandleisure.com.au.

Recognise and manage risk

We regard managing the risks that affect our business as a fundamental activity, as they influence our performance, reputation and future success. Effective risk management involves achieving an integrated and balanced approach to risk and reward, and assists us in achieving our objectives of optimising financial growth opportunities and mitigating potential loss or damage.

The Audit and Risk Committee monitors that the risk management policies and framework are established, implemented and adequate. The risk management framework is designed to ensure business risks are identified, assessed and managed appropriately. Ultimate responsibility for risk oversight and risk management rests with the Board. The Board and the Audit and Risk Committee receive regular reports from management on effectiveness of our management of material business risks.

The CEO and executive management team are responsible for establishing and implementing the risk management framework including developing policies, internal controls, processes and procedures for identifying and managing risks. We recognise the importance of embedding risk management concepts and awareness into the culture of the organisation. This program includes the involvement of senior executives and business units.

The key elements of the Group's risk management framework are:

- classification of risk into strategic, financial, operational and hazard risks;
- the quantification and ranking of risk event consequences from very low to catastrophic;
- the process to capture and document high level risks;
- the process to capture and document risks through formal risk analysis and risk registers;
- annual review of risk management processes and comprehensive review of key risks;
- the assignment of clear accountabilities for identified risk issues to appropriate members of management;
- regular compliance certification by the relevant members of management;
- regular reporting to the Audit and Risk Committee and the Board on material risks;
- reporting to the Audit and Risk Committee and the Board as to effectiveness of LLA's management of material business risks;
- targeted utilisation of both internal review and external auditors to address specific areas of risk exposure and controls;
- a company code of conduct providing the overarching for behaviours and the way in which the Group interacts with its stakeholders;
- policies and procedures to address key internal controls;
- a fraud control policy for the confidential reporting of issues of unacceptable or undesirable conduct with protection against reprisal afforded to the whistleblower; and
- a comprehensive insurance program.

A summary of our risk management policy is available at www.livingandleisure.com.au.

Remunerate fairly and responsibly

Remuneration Committee

The Board has a Remuneration Committee. The Committee advises the Board on remuneration and incentive policies and practices generally, and may include advising specific recommendations on remuneration packages and other terms of employment for the directors, CEO and other senior executives of the Group.

Further information on directors' and executives' remuneration is set out in the Directors' Report under the heading ''Remuneration Report". Details of the qualifications of members of the Remuneration Committee and their attendance at meetings of the Committee are also set out in the Directors' Report. The Remuneration Committee Charter is available at www.livingandleisure.com.au.

Statement of comprehensive income

For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Revenue	6	**117,510**	123,273
Cost of goods sold		**(8,259)**	(9,767)
Gross profit		**109,251**	113,506
Other income	7	**5,742**	8,708
Employee costs		**(42,494)**	(42,577)
Marketing costs		**(8,176)**	(8,811)
Occupancy costs		**(19,725)**	(19,612)
Responsible Entity fees		**(745)**	(854)
Project write-off costs		**-**	(682)
Impairment – goodwill	8(c)	**-**	(10,715)
Loss on disposal of assets		**(74)**	(236)
Fixed asset revaluation adjustment	8(d)	**-**	(3,204)
Administration and other costs		**(15,001)**	(16,369)
Depreciation and amortisation expense	8(g)	**(17,165)**	(14,422)
Profit from operating activities		**11,613**	4,732
Interest income		**743**	1,008
Interest expense	8(f)	**(12,824)**	(14,795)
Borrowing costs	8(f)	**(151)**	(2,617)
Interest rate swap expense	8(f)	**925**	(1,181)
Net finance costs		**(11,307)**	(17,585)
Profit / (loss) before income tax		**306**	(12,853)
Income tax (expense) / benefit	9	**(3,065)**	(2,579)
Net profit / (loss) for the period		**(2,759)**	(15,432)
Other comprehensive income			
Foreign currency translation	28(b)	**(672)**	(2,222)
Change in value of cash flow hedges		**-**	(1,273)
Fair value revaluation of fixed assets		**-**	1,190
Income tax on items of other comprehensive income		**-**	-
Other comprehensive income for the period, net of tax		**(672)**	(2,305)
Total comprehensive income for the period		**(3,431)**	(17,737)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of comprehensive income (continued)

For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Profit / (loss) for the period is attributable to:			
Unit holders		**(7,080)**	(5,199)
Shareholders (non-controlling interest)		**4,299**	(10,233)
Other non-controlling interest		**22**	-
		(2,759)	(15,432)
Total comprehensive income for the period is attributable to:			
Unit holders		**(7,228)**	16,392
Shareholders (non-controlling interest)		**3,775**	(34,129)
Other non-controlling interest		**22**	-
		(3,431)	(17,737)
Earnings per unit for profit / (loss) from continuing operations		**Cents**	Cents
Per stapled security			
Basic and diluted earnings per security	10	**(0.10)**	(0.58)
Per unit held			
Basic and diluted earnings per unit	10	**(0.26)**	(0.19)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**19,928**	17,600
Trade and other receivables	12	**2,927**	27,825
Inventories	13	**9,012**	9,158
Other current assets	14	**2,388**	3,210
Total current assets		**34,255**	57,793
Non-current assets			
Investment properties	15	**7,127**	7,120
Property, plant and equipment	16	**227,106**	237,251
Investments accounted for using the equity method	17	**-**	4,427
Intangible assets	18	**73,552**	73,493
Other non-current assets	19	**1,340**	1,370
Total non-current assets		**309,125**	323,661
Total assets		**343,380**	381,454
LIABILITIES			
Current liabilities			
Trade and other payables	20	**23,694**	26,716
Provisions	21	**2,504**	2,490
Deferred income	23	**4,007**	3,863
Derivative financial instruments	24	**256**	945
Borrowings	25	**4,904**	48,768
Current tax liabilities	9	**182**	171
Total current liabilities		**35,547**	82,953
Non-current liabilities			
Trade and other payables		**804**	670
Provisions	22	**1,646**	1,491
Deferred income	26	**8,837**	9,434
Derivative financial instruments	24	**-**	236
Borrowings	25	**132,245**	121,340
Deferred tax liabilities	9	**6,975**	4,573
Total non-current liabilities		**150,507**	137,744
Total liabilities		**186,054**	220,697
Net assets		**157,326**	160,757

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of financial position (continued)

As at 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
EQUITY			
Trust			
Contributed equity	27	**261,575**	261,575
Reserves	28(b)	**12,405**	12,553
Retained profits / (Accumulated losses)	28(a)	**(13,123)**	(6,043)
Total equity attributable to unit holders		**260,857**	268,085
Company			
Contributed equity	27	**2,681**	2,681
Reserves	28(b)	**(22,353)**	(21,829)
Retained profits / (Accumulated losses)	28(a)	**(84,801)**	(89,100)
Total interest attributable to shareholders (non-controlling interests)		**(104,473)**	(108,248)
Total equity attributable to stapled security holders		**156,384**	159,837
Other non-controlling interests	29	**942**	920
Total equity		**157,326**	160,757

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2010

2010	Trust					Consolidated			
	Contri-buted equity – trust	Retained earnings	Asset reval-uation reserve	Foreign currency translation reserve	Total Trust Equity	Total Company Equity	Total Stapled security holders	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009	**261,575**	**(6,043)**	**516**	**12,037**	**268,085**	**(108,248)**	**159,837**	**920**	**160,757**
Profit (loss) for the year	**-**	**(7,080)**	**-**	**-**	**(7,080)**	**4,299**	**(2,781)**	**22**	**(2,759)**
Other comprehensive income	**-**	**-**	**-**	**(148)**	**(148)**	**(524)**	**(672)**	**-**	**(672)**
Total comprehensive income for the period	**-**	**(7,080)**	**-**	**(148)**	**(7,228)**	**3,775**	**(3,453)**	**22**	**(3,431)**
Transactions with owners in their capacity as owners:									
Balance at 30 June 2010	**261,575**	**(13,123)**	**516**	**11,889**	**260,857**	**(104,473)**	**156,384**	**942**	**157,326**

2009	Trust					Consolidated				
	Contri-buted equity – trust	Retained earnings	Asset reval-uation reserve	Hedging reserve	Foreign currency translation reserve	Total Trust Equity	Total Company Equity	Total stapled security holders	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008	165,076	(844)	-	1,273	(10,310)	155,195	(75,115)	80,080	901	80,981
Profit (loss) for the year	-	(5,199)	-	-	-	(5,199)	(10,233)	(15,432)	-	(15,432)
Other comprehensive income	-	-	516	(1,273)	22,347	21,590	(23,895)	(2,305)	-	(2,305)
Total comprehensive income for the period	-	(5,199)	516	(1,273)	22,347	16,391	(34,128)	(17,737)	-	(17,737)
Transactions with owners in their capacity as owners:										
Contributions of equity, net of transaction costs	96,499	-	-	-	-	96,499	995	97,494	19	97,513
Balance at 30 June 2009	261,575	(6,043)	516	-	12,037	268,085	(108,248)	159,837	920	160,757

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**128,703**	130,532
Payments to suppliers and employees (inclusive of goods and services tax)		**(107,282)**	(128,145)
Interest revenue received		**742**	1,008
Interest and borrowing costs paid		**(9,360)**	(18,593)
Income taxes paid		**(652)**	(874)
Net cash inflow (outflow) from operating activities	30	**12,151**	(16,072)
Cash flows from investing activities			
Payments for purchase of subsidiary, net of cash acquired	35	**-**	(4,115)
Payments for capital expenditure		**(8,488)**	(17,880)
Proceeds from sale of other financial assets		**-**	2,728
Proceeds from sale of property, plant and equipment		**280**	-
Proceeds from joint venture		**25,048**	-
Loan to joint venture		**-**	(18,092)
Net cash inflow (outflow) from investing activities		**16,840**	(37,359)
Cash flows from financing activities			
Proceeds from issue of stapled securities		**-**	102,000
Proceeds from borrowings		**1,928**	146,797
Costs associated with the issue of stapled securities		**-**	(4,487)
Repayment of borrowings		**(28,399)**	(180,989)
Net cash inflow (outflow) from financing activities		**(26,471)**	63,321
Net increase (decrease) in cash and cash equivalents		**2,520**	9,890
Net foreign exchange differences		**(192)**	(537)
Cash and cash equivalents at the beginning of the financial year		**17,600**	8,247
Cash and cash equivalents at end of year	11	**19,928**	17,600

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 2010

1 Corporate Information

The financial report of Living and Leisure Australia Group for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of directors on 27 August 2010.

The Living and Leisure Australia Group ("Group") comprises Living and Leisure Australia Limited ("Company") and the Living and Leisure Australia Trust ("Trust"). The Trust is deemed to be the Parent of the Group. The shares in the Company and the units in the Trust are stapled such that the shares and units cannot be traded separately.

The nature of the operations and principal activities of the Group are described in the directors' report.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. Certain comparative statement of financial position amounts for the 2010 financial year have been reclassified to conform with the presentation adopted in the 2010 financial year.

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Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Historical cost convention

The financial report has also been prepared on a historical cost basis, except for property, plant and equipment, investment property, derivative financial instruments and land held for resale, which have been measured at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Financial statement presentation

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009

AASB Reference	Title
AASB 3	*Business Combinations (revised 2008)* effective 1 July 2009
AASB 7	*Financial Instruments: Disclosures* effective 1 July 2009
AASB 8	*Operating Segments* effective 1 July 2009
AASB 101	*Presentation of Financial Statements (revised 2007)* effective 1 July 2009
AASB 123	*Borrowing Costs (revised 2007)* effective 1 July 2009
AASB 127	*Consolidated and Separate Financial Statements (revised 2008)* effective 1 July 2009
AASB 2008-1	*Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* effective 1 July 2009
AASB 2008-3	*Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* effective 1 July 2009
AASB 2008-5	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 July 2009
AASB 2008-6	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 July 2009
AASB 2008-7	*Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* effective 1 July 2009
AASB Interpretation 16	*Hedges of a Net Investment in a Foreign Operation* effective 1 July 2009
AASB 2009-3	*Amendments to Australian Accounting Standards – Embedded Derivatives (AASB 139 and Interpretation 9)* effective 1 July 2009
AASB 2009-4	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 July 2009
AASB 2009-6	*Amendments to Australian Accounting Standards* effective 1 July 2009

(b) New accounting standards and interpretations (continued)

When the adoption of the Standard or Interpretation is considered to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements
AASB 3 amendments introduce significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 and AASB 127 will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no impact on earnings per share.

AASB 7 *Financial Instruments: Disclosures*
The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 3. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 3.

AASB 8 *Operating Segments*
The Group has concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under the old standard AASB 114 *Segment Reporting*.

AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 July 2009
The Group has applied the revised AASB 101 Presentation of Financial Statements. The revised Standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly controlled Entity or Associate*
The amendments delete the reference to the “cost method” making the distinction between pre and post acquisition profits no longer relevant. All distributions and dividends received are now recognised in the profit or loss rather than having to split between a reduction in the investment and profit and loss. However the receipt of such distributions and dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Annual Improvement Project
In May 2008 and April 2009 the AASB issued omnibus of amendment to its Standards as part of the Annual Improvement Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted from changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- AASB 8 *Operating Segments*: clarifies that segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group’s chief operating decision maker does not review segment assets and liabilities, the Group will no longer disclose this information.
- AASB 116 *Property, Plant and Equipment*: replace the term “net selling price” with “fair value less costs to sell”. The Group amended its accounting policy accordingly, which did not result in any change in its statement of financial position.
- AASB 123 *Borrowing Costs*: the definition of borrowing costs is revised to consolidate the two types of items that are considered components of “borrowing costs” into one – the interest expense calculated using the effective interest rate method calculated in accordance with AASB 139. The Group has amended its accounting policy accordingly which did not result in any change in its statement of financial position.
- AASB 136 *Impairment of Assets*: the amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

(b) New accounting standards and interpretations (continued)

Other amendments resulting from the Annual Improvements Project to the following Standards did not have any impact on the accounting policies, financial position or performance of the Group.

(ii) Accounting Standards and Interpretations issued but not yet effective.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group's financial position and performance in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

AASB 9 *Financial Instruments* includes requirement for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential impact of the standard.

AASB 124 *Related Party Disclosures (revised December 2009)* simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI AASB 2 – Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issue* (AASB 132) (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

(c) Basis of consolidation

The Living and Leisure Australia Group ("Group") comprises Living and Leisure Australia Limited ("Company") and the Living and Leisure Australia Trust ("Trust"). The Trust is deemed to be the Parent of the Group. The shares in the Company and the units in the Trust are stapled such that the shares and units cannot be traded separately.

The consolidated financial statements comprise the financial statements of the Trust, as parent, and the Company and all of its subsidiaries as at and for the period ended 30 June each year. Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries of the Group are all those entities controlled by the Trust or Company. Control exists when the Trust or Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses resulting from Group transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the assets transferred. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(c) Basis of consolidation (continued)

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate profit or loss of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent entity will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at the acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

(d) Business combinations

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, and the amount of any non-controlling interest in the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in the profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets. Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(e) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transaction with other components of the same entity), whose operating results are regularly reviewed by the Group's CEO, who is the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

(e) Operating segments (continued)

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(f) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Living and Leisure Australia Group's functional and presentation currency. 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 ('the functional currency') and is translated to the presentation currency.

(ii) Transactions and balances

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group companies' functional currency to presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at closing exchange rates prevailing at reporting date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in the other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustment arising on the acquisition of foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For statement of cash flows presentation purposes, cash and cash equivalents comprise cash and current deposits with banks as defined above.

(h) Trade receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The collectability of trade and other receivables is reviewed on an ongoing basis at the operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision (provision for impairment of trade receivables) is recognised when there is objective evidence that the Group will not be able to collect the receivable according to the original terms of the receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Inventories

Finished goods

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Costs are assigned on the basis of weighted average costs. The cost of inventories is based on the first-in, first-out principle.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development costs incurred during development. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of selling expenses.

(j) Derivative financial instruments and hedging

The Group uses derivative financial instruments (including interest rate swaps) to hedge its risks associated with interest rate fluctuations. 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.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The fair values of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when they hedge the exposure to variability in cash flows that is attributable to either a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation (net investment hedge).

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents at the inception of the hedging transaction the relationship between 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 Group does not currently apply hedge accounting to any derivatives.

(i) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in the profit or loss and are included in other income or other expenses.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories. When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at fair value through profit or loss, directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets.

(k) Investments and other financial assets (continued)

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in profit or loss as gains or losses from investment securities.

Subsequent measurement

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in profit or loss within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

If there is evidence of impairment of any of the Group's financial asset carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The loss is recognised in profit or loss.

(l) Investment in associates

The Group's investment in associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated financial statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting date of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(m) Investment in joint ventures

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the profit or loss, and the share of movements in reserves is recognised in reserves in the statement of financial position. Details relating to the partnership are set out in note 17.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the impairment of an asset transferred.

(n) Property, plant and equipment

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 statement of financial position represent the fair value at the date of revaluation (as determined by an independent accredited valuation firm) less subsequent accumulated depreciation.

Property, plant and equipment is measured at fair value, based on periodic but at least triennial valuations by external independent valuers who apply the International Valuations Standards Committee International Valuations Standards, less accumulated depreciation and less any impairment losses recognised after the date of the revaluation.

Depreciation 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:

- Land — not depreciated
- Buildings — 25-40 years
- Machinery — 10-25 years
- Vehicles — 3-5 years
- Furniture, fittings and equipment — 3-10 years
- Leasehold improvements — 25-40 years
- Leased plant and equipment — 10-25 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Revaluation of property plant and equipment

Any revaluation increment is credited to the asset revaluation reserve included in equity, except for the extent that it reverses a revaluation decrement for the same asset previously recognised in the profit or loss, in which case the increment is recognised in the profit or loss.

Any revaluation decrement is recognised in the profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

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.

Subsequent additional costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are changed off to the profit or loss during the reporting period in which they are included.

(o) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the statement of financial position date. Gains or losses arising from changes in the fair value of the investment properties are recognised in the profit and loss in the year in which they arise.

Investment property is held for long-term rental yields and is not occupied by the Group.

If an investment property becomes owner occupied, then it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement of disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use evidenced by commencement of owner-occupation or commencement or development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(p) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(q) Impairment of non-financial assets

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(r) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operation segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

The Group performs its impairment testing in June each year using discounted cash flows under the value in use methodology for each cash-generating unit to which goodwill and indefinite lived intangibles have been allocated. Further details on the methodology and assumptions used are outlined in note 18.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of in included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation or any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(iii) Crown Leases

The directors' view is that Crown Leases are continually renewable with the lease terms and conditions and as such are not being amortised but are subject to annual impairment testing.

(s) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration, net of directly attributable transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

Borrowings 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 statement of financial position date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(u) Provisions

Provisions for legal claims are recognised when: the Group has a presented legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is represented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position 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.

(v) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(w) Contributed equity

Ordinary securities are classified as equity. Costs incurred, that are directly in connection with the raising of security holders' funds, and which would not have been incurred had the equity instruments not been issued, are recorded in the security holders' funds account as a reduction of the proceeds of the equity instruments to which the costs relate.

(x) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Ticket sales

Income derived by the sale of tickets for access to facilities or the use of services provided from facilities are brought to account in the profit and loss as and when the sale is made.

Ticket sales with a life greater than one month are deferred and recognised over the period to which they relate.

(ii) Rental income

Income received from rent is brought to account on a straight line basis over the term of the lease. Income outstanding at balance date is recognised in the statement of financial position as a receivable while income received in advance is deferred and brought to account equally over the relevant period.

(iii) Interest income

Interest income is recognised in the profit or loss as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iv) Property sales

Revenue from property sales is recognised when the contract of sale becomes unconditional and risks and rewards of ownership pass to the buyer. This typically occurs when a deposit equal to or greater than 5% of the value of the property has been received. In the event a property sale is forfeited, the revenue is reversed and land is re-instated as trading stock available for future re-sale.

(v) Deferred revenue

Revenues received during the period that relate to more than a single economic period are brought to account on a straight line basis over the term related to the sale.

(vi) Dividends and distributions

Dividends and / or distributions are recognised as revenue when the Group's right to receive payment is established.

(y) Expense recognition

All expenses, including management fees and custodian fees, are recognised in the profit or loss on an accrual basis.

Responsible Entity fees

In accordance with the Trust's constitution and the subsequent combined prospectus and product disclosure statement dated 4 July 2008, the Responsible Entity is entitled to an annual management fee calculated at 0.2% of the gross asset value, an incentive fee of 2.75% of the distributed income, to a maximum of 3.5% if the distributed amount exceeds 9.25% of net assets, and an acquisition fee of up to 1% of the purchase price of the asset or property acquired. The incentive fee and the acquisition fee were waived in the 2009 fiscal year. Under AIFRS the acquisition fees are treated as part of the purchase price as they are directly attributable to the acquisition cost of the related asset. The Responsible Entity is entitled to be reimbursed for Group costs and other property costs incurred by it on behalf of the Group.

(z) Income tax and other taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

(z) Income tax and other taxes (continued)

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and all its wholly-owned Australian resident entities have implemented the tax consolidation legislation. Living and Leisure Australia Limited (the Company) is the head entity in the tax consolidated group.

The Company, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding arrangement are disclosed in note 9.

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

Goods and services tax

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

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

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

(aa) Distributions and dividends

Income

The amount of income distributed to members in respect of a particular period will, at the absolute discretion of the Responsible Entity, be either:

(i) net profit before finance costs for the particular period determined in accordance with generally accepted accounting principles; or

(ii) any additional amount (including capital) which is determined as distributable.

Where accounting profit adjusted for non-cash items is distributed, the amount of the non-cash items is transferred to security holders' funds. Where taxable income is distributed, and it differs from accounting profit, the difference is transferred to security holders' funds.

Capital

The Responsible Entity can distribute capital to unit holders. Any distribution of capital is treated as a reduction in unit holders' funds.

Distributions and dividends

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

(ab) Earnings per stapled security

(i) Basic earnings per unit

Basic earnings per unit is calculated by dividing the net profit attributable to unit holders of the Trust, adjusted to exclude any costs of servicing equity (other than distributions), by the weighted average number of units outstanding during the financial year, adjusted for any bonus element.

(ii) Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential units, and
- and the weighted average number of additional units that would have been outstanding assuming the conversion of all dilutive potential stapled securities.

(iii) Earnings per stapled security

Earnings per stapled security has been shown on the face of the statement of comprehensive income as an alternative calculation. This calculation does not satisfy the requirement of AASB 133 but the directors are of the view that it provides more relevant information to the users of the accounts.

(ac) Security holders' funds

Where the Trust constitution contains certain terms which limit the life of the Trust, the amount attributable to ordinary unit holders is classified as a liability in accordance with AASB 132: *Financial Instruments Presentation*. Related movements in net assets attributable to unit holders are classified as finance costs.

In April 2007, the Trust constitution was amended, following unit holder approval, to remove the terms which limit the life of the Trust and remove the redeemable nature of the units. On that date, amounts attributable to ordinary unit holders were reclassified as equity. From that date on, profits attributable to ordinary unit holders are recorded in the statement of comprehensive income.

Amounts attributable to shareholders of the Company are classified within equity but identified as a non-controlling interest because the Trust has been identified as the parent of the Group.

(ad) Changes in net assets attributable to unit holders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses were reflected in the profit and loss as a change in net assets attributable to unit holders until April 2007.

These items are included in the determination of distributable income in the period for which they are assessable or deductible for taxation purposes.

(ae) Rounding of amounts

The Group is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off" of amounts in the financial report. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. Risk management for the Group focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments including interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and aging analysis for credit risk.

Risk management is carried out by senior management under policies approved by the board of directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, namely with respect to the South Korean Won, Thai Baht, Chinese Renminbi and Arab Emirate Dirham. It is Group practice that entities do not hold cash balances in currencies other than their functional currency.

As and when funds are scheduled for repatriation from overseas entities in foreign currencies, an assessment of hedging opportunities is undertaken and consideration is given to the current market conditions and the relative cost of the hedging product. Cash flow forecasting and sensitivity analysis is used to manage the Group's cash requirements and to optimise the frequency of fund movements, thus minimising the foreign exchange risk of the Group.

Foreign exchange rates at reporting date are as follows:

		Korean Won	Thai Baht	Chinese Renminbi	Arab Emirates Dirham
2010	**$1 AUD =**	**1,040.76**	**27.6582**	**5.81335**	**3.14471**
2009	$1 AUD =	1,033.88	27.50083	5.50846	2.95714

The Group's foreign currency financial assets and liabilities at the reporting date are as follows:

	30 June 2010				30 June 2009			
	KRW '000	THB '000	CNY '000	AED '000	KRW '000	THB '000	CNY '000	AED '000
Cash	**1,839,271**	**21,003**	**10,519**	**749**	768,733	27,574	17,721	370
Trade receivables	**175,932**	**8,654**	**1,477**	**776**	62,839	10,272	95	716
Trade payables	**926,415**	**66,623**	**26,458**	**23**	382,559	14,005	1,090	135

At 30 June 2010, the Group had no foreign currency hedging instruments in place (30 June 2009 – nil).

The Group conducts commercial transactions in the functional currency of each entity, and does not maintain cash, deposits, receivable or payables in currencies other than the functional currency of each entity. This practice mitigates currency risk. Exchange movements relating to the translation of Group entities functional currencies into Australian currency are shown in the Foreign Currency Translation Reserve.

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2010 and 2009, the Group's borrowings were at variable rates and were denominated in Australian Dollars.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed loans. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

As at the end of the reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2010 $'000	30 June 2009 $'000
Bank overdrafts and bank loans	**134,548**	134,642
Loans in relation to Northbank joint venture	**-**	17,111
Interest rate swaps (notional principal amount)	**(25,000)**	(25,000)
Net exposure to interest rate risk	**109,548**	126,753

An analysis by maturities is provided in (c) below.

Sensitivity analysis

At 30 June 2010, at a Group level, if the interest rates had changed by - / + 50 basis points from the year-end rates with all other variables held constant, post tax profit for the year would have been $0.383 million lower / higher (2009: $0.463 million lower / higher).

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant credit risk or concentration of credit. The operating businesses within the Group are predominantly cash businesses with the majority of revenue generated from cash sales of tickets to retail customers (e.g. aquarium entry ticket, tree top walk entry ticket, and ski lift ticket), and cash sales of equipment hire, lessons and retail food / beverage products. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note) as well as $407,794 (2009: $446,279) in relation to financial guarantees granted.

At 30 June 2009 the primary trade receivable balance at a group level was in relation to the Northbank joint venture receivable. This amount has been realised in full from proceeds on settlement of the joint venture development during the 2010 financial year.

The Group does not hold any credit derivatives to offset its credit exposure. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages its liquidity risk by continuously monitoring forecast and actual cash inflows and outflows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping credit lines available. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

3 Financial risk management (continued)

Financing arrangements

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2010 $'000	2009 $'000
Other bank loans and borrowings	**-**	10,000
Finance lease and guarantee facility	**1,751**	1,652
	1,751	11,652

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and gross settled derivative financial instruments into relevant maturity groupings:

Based on their contractual maturities:
(i) On all non-derivative financial liabilities, and
(ii) Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	**Less than 6 months**	**6-12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets) / liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
as at 30 June 2010							
Non-derivatives							
Trade and other payables	23,694	-	804	-	-	24,498	24,498
Finance leases	273	174	107	24	-	578	541
Fixed rate loans	350	350	699	699	-	2,098	1,927
Variable rate loans	3,883	-	-	131,035	-	134,918	134,681
Total non-derivatives	28,200	524	1,610	131,758	-	162,092	161,647
Derivatives							
Interest rate swaps	256	-	-	-	-	256	256
as at 30 June 2009							
Non-derivatives							
Trade and other payables	26,716	-	670	-	-	27,386	27,386
Far East Consortium loan	-	9,291	-	-	-	9,291	9,291
Variable rate loans relating to Northbank joint venture	-	7,820*	-	-	-	7,820	7,820
Fixed rate loans relating to Northbank joint venture	-	16,437*	-	-	-	16,437	16,437
Finance leases	368	217	409	100	-	1,094	1,048
Variable rate loans	3,153	10,612	4,000	40,500	78,645	136,910	134,642
Total non-derivatives	30,237	44,377	5,079	40,600	78,645	198,938	196,624
Derivatives							
Interest rate swaps	945	236	-	-	-	1,181	1,181

* Financial substance of Northbank is such that the obligations sit with Far East Consortium (note 17).

The variable rate loans relating to the Far East Consortium have been remeasured and the balance has been taken to profit and loss (note 17). The fixed rate loans relating to Northbank joint venture have been repaid during the 2010 financial year.

3 Financial risk management (continued)

(d) Fair value estimation

The fair value of financial assets and the financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets for identical assets or liabilities.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group as at 30 June 2010	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities				
Interest rate swap	**-**	**256**	**-**	**256**
	-	**256**	**-**	**256**
Group as at 30 June 2009				
Financial liabilities				
Interest rate swap	-	1,181	-	1,181
	-	1,181	-	1,181

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. Certain financial instruments such as derivatives are valued using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. 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.

For interest bearing loans and borrowings the carrying value of the interest bearing loans and borrowings is considered to reflect the fair value. At 30 June 2010 the interest bearing loans and borrowings have a maturity profile of no more than four years.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Interest rate swaps use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation.

Transfers between categories
There were no transfers between Level 1, Level 2 and Level 3 during the year.

4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(a) Significant accounting judgements

(i) Taxation

The Group's accounting policy for taxation requires management judgments as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, distributions and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of the deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(ii) Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assess impairment triggers for all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future operating expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant and as such these assets have been reviewed for impairment in this financial year.

(b) Significant accounting estimates and assumptions

(i) Estimated impairment of goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(q). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 18 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Estimated useful lives of property, plant and equipment

The Group will tri-annually engage external valuers to assess the fair value of property, plant and equipment. Management assess and allocate useful lives to individually valued items based on historical and industry knowledge.

(iii) Valuation of investment property

The Group periodically engages external valuers to assess the fair value of investment properties. In periods where no external valuation is conducted, management review key assumptions such as rental yield, vacancy rates and general market conditions to determine if there have been any changes in the fair value.

5 Operating segments

(a) Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO (the chief operating decision maker) in assessing the performance and determining the allocation of resources. The operating segments are identified by management based on the nature of the service and product provided on a global basis.

Types of services and products

Ski Fields

The 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.

Aquariums

Operation of aquariums in Melbourne and Mooloolaba (Australia), Bangkok (Thailand), Busan (South Korea), and Shanghai (China).

Tree Top Walks

The Group owns two 600 metre elevated walk attractions in the rainforest treetops in the Otway Ranges, Victoria and on the Illawarra escarpment in New South Wales. See note 35 for further details.

Property Development

Property development at Mt Hotham and Falls Creek Alpine Resorts, Dinner Plain Village and Northbank Place, opposite Melbourne Aquarium in Victoria.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period except as detailed below.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income
- Finance costs – including adjustments due to discounting.

Depreciation and amortisation have not been allocated to segments because they are not reported internally in this manner.

5 Operating segments (continued)

(b) Operating segment information

	Ski Fields $'000	Aquariums $'000	Tree Top Walks $'000	Property $'000	Other $'000	Total $'000
Year ended 30 June 2010						
Segment revenue	**47,954**	**64,629**	**4,651**	**73**	**203**	**117,510**
Segment expenses	**36,204**	**50,199**	**2,581**	**687**	**4,803**	**94,474**
Segment EBITDA	**11,750**	**14,430**	**2,070**	**(614)**	**(4,600)**	**23,036**
Depreciation and amortisation						**(17,165)**
Net gain on re-measurement of joint venture arrangement						**5,742**
Interest revenue						**743**
Finance costs						**(12,050)**
Net profit / (loss) before tax						**306**
Income tax credit / (expense)						**(3,065)**
Profit / (loss) for the year						**(2,759)**
Capital expenditure	**4,973**	**2,784**	**173**	**-**	**558**	**8,488**

	Ski Fields $'000	Aquariums $'000	Tree Top Walks $'000	Property $'000	Other $'000	Total $'000
Year ended 30 June 2009						
Segment revenue	45,888	68,820	4,409	2,728	1,428	123,273
Segment expenses	46,054	49,554	5,342	2,318	851	104,119
Segment EBITDA	(166)*	19,266	(933)*	410	577	19,154
Depreciation and amortisation						(14,422)
Interest revenue						1,008
Finance costs						(18,593)
Net profit / (loss) before tax						(12,853)
Income tax credit / (expense)						(2,579)
Profit / (loss) for the year						(15,432)
Capital expenditure	4,320	12,839**	102	-	619	17,880

* included in segment results is an impairment loss of $10.715 million for Ski Fields and $3.204 million fixed asset write-down for Tree Top Walks.

** includes expansion / growth capital expenditure related to Antarctica World exhibition at Melbourne Aquarium.

5 Operating segments (continued)

(c) Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	2010		2009	
	Revenues	**Non-current assets**	Revenues	Non-current assets
	$'000	**$'000**	$'000	$'000
Australia	**84,915**	**241,625**	86,094	259,474
Korea	**13,168**	**27,923**	13,671	29,173
Thailand	**11,141**	**28,492**	13,489	26,405
China	**8,286**	**11,085**	10,019	11,609
Total	**117,510**	**309,125**	123,273	323,661

6 Revenue

	Consolidated	
	2010	2009
	$'000	$'000
Ticket sales	**74,127**	79,623
Ski lessons and equipment hire	**11,608**	10,538
Food and beverage sales	**7,315**	7,095
Property sales	**-**	2,351
Retail sales	**10,639**	11,206
Consulting fee income	**1,118**	1,775
Rents and sub-lease rentals	**4,919**	4,278
Services income	**1,715**	101
Other revenue	**6,069**	6,306
	117,510	123,273

7 Other income

One off revenue

Gain on debt forgiveness income	**-**	5,000
Fair value gain on debt restructure	**-**	2,268
Net gain on re-measurement of joint venture arrangements (refer note 17)	**5,742**	-
Other	**-**	1,440
	5,742	8,708

8 Expenses

Profit / (loss) for the year includes the following items that are unusual because of their nature, size or incidence:	Consolidated 2010 $'000	2009 $'000
8(a) Consultancy payments		
Consultancy payments – business development	**22**	220
Consultancy payments – legal restructure	**-**	1,000
Failed project costs	**-**	682
Employee retention payments	**-**	180
Employee recapitalisation bonus	**-**	250
Asset Fair Valuation consultancy cost	**-**	263
Other	**188**	-
Consultancy payments	**210**	2,595
8(b) Facilitation Fee paid to Victorian Government for Melbourne Aquarium Lease	**-**	750
8(c) Impairment of goodwill – Ski CGU	**-**	10,715
8(d) Asset fair value write-down – Tree Top Walk CGU	**-**	3,204
8(e) Write-off of JV capitalised costs – Northbank	**-**	2,234
8(f) Finance costs expensed *		
Interest expense	**12,768**	14,695
Finance charges payable under finance leases	**56**	100
	12,824	14,795
Borrowing costs	**151**	2,617
Interest rate swap expense	**(925)**	1,181
Finance costs expensed	**12,050**	18,593
** excludes amounts attributable to unit holders*		
8(g) Depreciation and amortisation expense		
Amortisation – intangibles	**40**	22
Depreciation – property, plant & equipment	**17,125**	14,400
Depreciation and amortisation expense	**17,165**	14,422
8(h) Operating lease expenditure	**875**	793
8(i) Defined contribution superannuation expense	**1,518**	504
8(j) Direct operating expense for rental income	**4,981**	3,855

9 Income taxation

(a) Income tax expense

	Consolidated 2010 $'000	Consolidated 2009 $'000
Current tax	**3,057**	2,287
Deferred tax	**2,402**	1,694
Prior year tax losses not recognised now recouped current tax expense	**(2,394)**	(1,402)
Taxation expense / (benefit) reported in the statement of comprehensive income	**3,065**	2,579

Current tax expense includes $182,000 (2009: $171,000) in relation to withholding tax.

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. Tax allowances for building and plant and equipment depreciation are distributed to unit holders in the form of tax deferred components of distributions.

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

	2010 $'000	2009 $'000
Profit / (loss) from continuing operations before income tax expense	**306**	(12,853)
Tax at the Australian tax rate of 30% (2009 – 30%)	**92**	(3,856)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment of goodwill	**-**	3,215
Investment allowance	**-**	(113)
Tax effect of operating results on Australian Trusts	**2,073**	1,508
Foreign tax rate adjustment	**162**	834
Foreign withholding tax	**182**	171
Under (over) provided in prior periods	**3,807**	-
Prior year tax losses not recognised now recouped	**(2,394)**	(1,402)
Sundry items	**(857)**	2,222
Total income tax expense	**3,065**	2,579

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:

	2010 $'000	2009 $'000
Net deferred tax – debited (credited) directly to equity	**-**	-
	-	-

The Trust and Company are separate entities for tax purposes and are not part of a tax consolidated group.

9 Income taxation (continued)

(d) Recognised deferred tax assets and liabilities

	Consolidated			
	2010 $'000	**2010 $'000**	2009 $'000	2009 $'000
Amounts recognised in statement of financial position	**Current income tax**	**Deferred income tax**	Current income tax	Deferred income tax
Opening balance at 1 July	**(171)**	**(4,573)**	-	(2,879)
Charged to income	**(663)**	**(2,402)**	(885)	(1,694)
Charged to other comprehensive income	**-**	**-**	-	-
Other payments	**652**	**-**	714	-
Closing balance at 30 June	**(182)**	**(6,975)**	(171)	(4,573)
Tax expense in statement of comprehensive income		**3,065**		2,579
Amounts recognised in the statement of financial position:				
Deferred tax asset		**-**		-
Deferred tax liability		**(6,975)**		(4,573)
		(6,975)		(4,573)

	Consolidated	
	2010 $'000	2009 $'000
Deferred tax liabilities		
Property, plant and equipment	**(8,892)**	(10,052)
Inventory	**(1,456)**	(1,456)
Interest in joint venture	**-**	(1,328)
Prepayments	**(552)**	(681)
Other	**(2,684)**	(52)
Gross deferred tax liabilities	**(13,584)**	(13,569)
Set off of deferred tax assets	**6,609**	8,996
Net deferred tax liabilities	**(6,975)**	(4,573)
Deferred tax assets		
Provisions	**2,315**	1,366
Unearned income	**1,553**	3,993
Accruals	**883**	2,795
Other	**1,858**	842
Gross deferred tax assets	**6,609**	8,996
Set off of deferred tax liabilities	**(6,609)**	(8,996)
Net deferred tax assets	-	-

9 Income tax (continued)

(e) Tax losses

Due to the nature of the stapled structure no potential tax benefit can arise to the Parent in respect of tax losses. Unused tax losses relating to foreign subsidiaries are only available to those foreign subsidiaries. The Company has no certainty as to the recoverability of unused tax losses and therefore no deferred tax asset has been recorded. Unrecognised tax losses relating to the Australian group are $38.969 million (2009: $35.311 million). The total amount of unrecognised tax losses relating to foreign subsidiaries is $19.056 million (2009: $19.579 million). Management are still assessing the quantum of these losses.

(f) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Living and Leisure Australia Limited (the "Company") is the head entity in the tax consolidated group. The Company and all its wholly-owned Australian resident entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 2(z). Members of the Group entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

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

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity 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 or payable under the 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 the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

10 Earnings / (loss) and net tangible assets per stapled security

	Consolidated 2010 Cents	2009 Cents
(a) Basic and diluted earnings / (loss) per stapled security	**(0.10)**	(0.58)
(b) Basic and diluted earnings / (loss) per unit	**(0.26)**	(0.19)

(c) Reconciliations of earnings / (loss) used in calculating earnings / (loss) per stapled security and unit

	2010 $'000	2009 $'000
Basic and diluted earnings / (loss) per share per staple security		
Profit / (loss) from continuing operations attributable to the staple security holders of the Group used in calculating basic and diluted earnings / (loss) per stapled security	**(2,781)**	(15,432)
Basic and diluted earnings / (loss) per unit		
Profit / (loss) from continuing operations attributable to the unit holders of the Trust used in calculating basic and diluted earnings / (loss) per unit	**(7,080)**	(5,199)

(d) Weighted average number of stapled securities used as the denominator

	2010 Number	2009 Number
Weighted average number of stapled securities used as the denominator in calculating basic and diluted earnings / (loss) per stapled security	**2,726,286,083**	2,622,243,317
Weighted average number of units used as the denominator in calculating diluted earnings / (loss) per share	**2,726,286,083**	2,622,243,317

There were no new stapled securities issued during the year. (2009: 2,500,000,000). There have been no transactions involving stapled securities that would significantly change the number of units or potential units outstanding between the reporting date and the date of completion of these financial statements.

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

As part of the Illawarra purchase 20,884,588 securities were issued on 1 July 2008 and 24,390,244 were issued on 31 October 2008. Both issues were subject to 12 month voluntary escrow agreements, now elapsed.

Earnings per stapled security is calculated based upon the Group's accounting profit from continuing operations but does not represent earnings to be distributed from the Trust. Whilst this does not strictly comply with AASB133 *Earnings per share* the directors believe it is a more relevant calculation. 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.

(e) Net tangible assets per stapled security	Consolidated 2010	2009
Net tangible assets per stapled security-cents (i)	**3.07**	3.20
Number of stapled securities on issue used in the calculation of net tangible assets per stapled security – number	**2,726,286,083**	2,726,286,083

(i) In accordance with chapter 19 of the ASX Listing Rules, net tangible assets per stapled security represents total assets less intangible assets less liabilities, divided by the number of stapled securities on issue at year end.

11 Current assets – Cash and cash equivalents

	Notes	Consolidated 2010 $'000	2009 $'000
Cash at bank and in hand		**11,444**	17,444
Short-term deposits		**8,484**	156
Balances per statement of cash flows		**19,928**	17,600

(a) Cash at bank and on hand

During the year, cash at bank earned an average interest rate of between 3.3% and 4.7% (2009: 5.5% and 7.8%).

12 Current assets – Trade and other receivables

	Notes	2010 $'000	2009 $'000
Trade receivables		**2,313**	1,377
Trade receivables – joint venture related	17	**-**	25,048
Provision for doubtful receivables		**(400)**	(573)
Sundry receivables		**1,014**	1,973
		2,927	27,825
The ageing of these receivables is as follows			
0 to 3 months		**2,287**	998
3 to 6 months		**416**	54
Over 6 months		**624**	27,346
		3,327	28,398

(a) Impaired trade receivables

As at 30 June 2010 a provision of $400,000 (2009: $573,000) has been raised against external receivables. Movements in the provision for impairment of receivables are as follows

	2010 $'000	2009 $'000
At 1 July	**573**	211
Provision for impairment recognised during the year	**213**	387
Receivables written off during the year as uncollectible	**(377)**	(25)
Unused amount reversed	**(9)**	-
At 30 June	**400**	573

As of 30 June 2010, trade receivables and sundry receivables past due but not impaired were $692,000 (2009 $26,827,000).

(b) Trade receivables – joint venture related

These amounts relate to transactions with the joint venture with Far East Consortium (FEC). At 30 June 2010 these amounts had been realised from the proceeds on settlement of the joint venture development (refer note 17).

13 Current assets – Inventories

	Consolidated 2010 $'000	2009 $'000
Finished goods – at cost	**4,159**	4,305
Land held for resale – at cost	**4,853**	4,853
	9,012	9,158

The cost of inventories has been recognised as an expense included in the cost of sales line item.

14 Current assets – Other current assets

Prepayments	**2,341**	3,210
Other	**47**	-
	2,388	3,210

15 Non-current assets – Investment properties

At fair value		
Opening balance at 1 July	**7,120**	9,240
Acquisitions / additional expenditure	**7**	-
Transfer to property, plant and equipment	**-**	(2,120)
Closing balance at 30 June	**7,127**	7,120

(a) Valuation basis

Investment properties comprise a number of retail properties at Mooloolaba Wharf $5.077 million and commercial properties at Falls Creek and Mt Hotham ski resorts $2.050 million. Fair values were determined by a market valuation from independent valuer Jones Lang LaSalle Advisory Services Pty Limited, effective valuation date at 1 July 2008. The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation.

The directors have reviewed the fair value of investment properties as at 30 June 2010 and determined that there has been no material movement in fair value consequently, no valuation adjustment is recorded.

16 Non-current assets – Property, plant and equipment

Consolidated	Land and buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Work in Progress $'000	Total $'000
1 July 2009 balance	**98,868**	**71,260**	**65,955**	**1,168**	**237,251**
Additions	**80**	**6,324**	**362**	**1,188**	**7,954**
Disposals	**-**	**(193)**	**(86)**	**(73)**	**(352)**
Transfers	**-**	**4,977**	**(2,942)**	**(2,035)**	**-**
Exchange differences	**(397)**	**(193)**	**(17)**	**(15)**	**(622)**
Depreciation	**(6,636)**	**(8,502)**	**(1,987)**	**-**	**(17,125)**
30 June 2010 balances	**91,915**	**73,673**	**61,285**	**233**	**227,106**
At 30 June 2010					
Cost or fair value	**101,930**	**92,374**	**64,881**	**233**	**259,418**
Accumulated depreciation	**(10,015)**	**(18,701)**	**(3,596)**	**-**	**(32,312)**
Net carrying amount	**91,915**	**73,673**	**61,285**	**233**	**227,106**
1 July 2008 balance	81,334	61,546	67,564	22,765	233,209
Revaluation uplift adjustment	-	1,190	-	-	1,190
Revaluation decrease adjustment	-	(3,203)	-	-	(3,203)
Additions	3,507	6,170	-	8,561	18,238
Disposals	-	(174)	-	-	(174)
Transfers	15,287	14,871	-	(30,158)	-
Transfer from investment property	2,120	-	-	-	2,120
Exchange differences	-	271	-	-	271
Depreciation	(3,380)	(9,411)	(1,609)	-	(14,400)
30 June 2009 balances	98,868	71,260	65,955	1,168	237,251
At 30 June 2009					
Cost or fair value	102,248	80,671	67,564	1,168	251,651
Accumulated depreciation	(3,380)	(9,411)	(1,609)	-	(14,400)
Net carrying amount	98,868	71,260	65,955	1,168	237,251

The Group engaged Jones Lang LaSalle, an accredited independent valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of its property, plant and equipment ("PPE"), freehold land and buildings. Fair value is the amount for which the asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties. The effective date of the revaluation was 1 July 2008.

The net impact of the 1 July 2008 valuation was a decrease to PPE of $2.014 million, the recognition of an Asset Revaluation Reserve of $1.190 million and an asset write-down expense of $3.204 million.

The directors have reviewed the fair value of property, plant and equipment as at 30 June 2010 and determined that there has been no material movement in fair value consequently, no valuation adjustment is recorded.

(a) Finance leased plant and equipment

Included in the above net book values are $1.007 million (2009: $0.467 million) of assets held under finance leases which are disclosed at written down value.

17 Non-current assets – Investments accounted for using the equity method

	Consolidated 2010 $'000	2009 $'000
Interest in Northbank Place joint venture	-	4,427
	-	4,427

Northbank Place joint venture

A subsidiary, Northbank Development Trust, entered into a joint venture ("JV") to develop land adjacent to the Melbourne Aquarium for commercial and residential housing. This land is referred to as "Northbank Place'. In prior years, a special purpose borrowing vehicle was created for the Northbank development, namely the Oceanis Northbank Trust. The Oceanis Northbank Trust on lends borrowings to Oceanis Northbank Pty Ltd, as trustee of the Northbank Development Trust. Those funds are then distributed to Northbank Place (Vic) Pty Ltd as agent for the joint parties. All funding facilities are shared 50:50 between the joint venture parties.

In May 2008, the Group entered into arrangements with Far East Corporation ("FEC"), under which FEC effectively purchased the right to Northbank to receive the proceeds from the sale of the Northbank Development. In exchange the Group received a $9.000 million advance from FEC, and an indemnity against all costs relating to the Northbank development. The $9.000 million has been accounted for as a loan payable to FEC. All proceeds of sale relating to Northbank have been applied first to repay loans followed by the advance from FEC.

During the year the Oceanis Northbank Trust has fully repaid all external borrowings which it had incurred in relation to the Northbank Development. As a consequence the Group has remeasured its joint venture arrangements. The net impact is that the Group has recognised a profit from the Northbank Development joint venture of $5,742,000 during the half year period subject to income tax.

	Consolidated 2010 $'000	2009 $'000
Carrying amount of investment in partnership		
Investment in joint venture	**4,427**	4,427
Impairment loss recognised in profit and loss	**(4,427)**	-
	-	4,427
Loan advanced	**(9,000)**	(9,000)
Interest accrued	**(1,169)**	(291)
Gain on re-measurement of financial liability recognised in profit or loss	**10,169**	-
	-	(9,291)
Net gain on re-measurement of joint venture arrangements	**5,742**	-

The funding position in relation to these contractual arrangements as at 30 June 2010 are set out below and at note 3. The Group has received an indemnity from the lenders of this finance, further to the May 2008 arrangement whereby the Group has foregone its economic interest in the joint venture.

- Unsecured loan from the purchaser for Nil (2009 $38.060 million) at 8%, with an outstanding balance of Nil (2009: $16.437 million) owing by the Group;
- Secured loan from BOS International (Australia) Limited (BOSI) for Nil (2009:$129.100 million) at BBSY + 1% pa, with an outstanding balance of Nil (2009:$7.820 million) owing by the Group.

During the years ended 30 June 2010 and 30 June 2009 the Group did not receive dividends from its investments in equity accounted investees.

18 Non-current assets – Intangible assets

Consolidated	Goodwill $'000	Crown Leases $'000	Other intangible assets $'000	Total $'000
At 30 June 2008				
Cost	94,252	14,763	952	109,967
Accumulated amortisation and impairment	(29,100)	-	(752)	(29,852)
Net book amount	65,152	14,763	200	80,115
Year ended 30 June 2009				
Opening net book amount	65,152	14,763	200	80,115
Additions – acquisitions	4,115	-	-	4,115
Impairment charge	(10,715)	-	-	(10,715)
Amortisation charge	-	-	(22)	(22)
Closing net book amount	58,552	14,763	178	73,493
At 30 June 2009				
Cost	98,367	14,763	952	114,082
Accumulated amortisation and impairment	(39,815)	-	(774)	(40,589)
Net book amount	58,552	14,763	178	73,493
Year ended 30 June 2010				
Opening net book amount	**58,552**	**14,763**	**178**	**73,493**
Additions – acquisitions	**-**	**-**	**99**	**99**
Impairment charge	**-**	**-**	**-**	**-**
Amortisation charge	**-**	**-**	**(40)**	**(40)**
Closing net book amount	**58,552**	**14,763**	**237**	**73,552**
At 30 June 2010				
Cost	**98,367**	**14,763**	**1,051**	**114,181**
Accumulated amortisation and impairment	**(39,815)**	**-**	**(814)**	**(40,629)**
Net book amount	**58,552**	**14,763**	**237**	**73,552**

Amortisation of $0.040 million (2009: $0.022 million) is included in depreciation and amortisation expense in the profit or loss.

Goodwill acquired during the year ended 30 June 2009 pertains to the Illawarra purchase. Refer note 35 business combinations.

Crown Leases attribute to the Ski CGU and represent two key leases issued by the Governor of Victoria:
- Mt Hotham in the name of Ski Tows Pty Ltd, 65 year term 22 December 1992 to 2065.
- Falls Creek in the name of Falls Creek Ski Lifts Pty Ltd, 50 year term 1 January 1991 to 2040.

Other intangibles represents software attributable to the AAE business unit.

18 Non-current assets – Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units ("CGUs") identified according to the Group's operating segments.

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

	Ski Fields $'000	Aquariums $'000	Tree Top Walks $'000	Total $'000
2010				
Acquired goodwill	**-**	**44,346**	**14,206**	**58,552**
	-	**44,346**	**14,206**	**58,552**
2009				
Acquired goodwill	-	44,346	14,206	58,552
	-	44,346	14,206	58,552

(b) Key assumptions used for value in use calculations

Method – The DCF (Discounted Cash Flows) method was used to generate the value in use relevant to each of the CGUs. This involves discounting forecast cash flows generated by each of the business units. Property development activities are classified within the Ski Fields CGU as it is not expected to generate material cash flows.

Forecasts – Cash flow projections were modelled for a five year period. The cash flow projections for 2010 / 11 were based on the budget approved by the Board. Free cash flow projections for a four year period beyond 2011 were generated using conservative assumptions which are consistent with long-term asset / industry / country growth rates relevant to the businesses, as well as management's best estimates in respect of working capital, capital expenditure requirements as well as taxes.

The growth-in-perpetuity method was used to determine the terminal value of the CGUs. The growth rate used in this calculation is consistent with a conservative estimate of the future economic growth rate of the relevant economic / business environment.

Foreign exchange rates – The foreign exchange rate used to convert foreign currency denominated valuations is based on the spot exchange rate on the date of the impairment assessment.

- AUD / CNY 6.32 (2009: 5.5)
- AUD / KRW 1031.83 (2009: 1000)
- AUD / THB 29.79 (2009: 27)

Discount rates – Discount rates reflect the management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. The discount rates used for each of the respective CGUs are generated with reference to the risk free rate of the country in which the businesses operate, as well as the perceived risk premium which reflects the riskiness of the businesses operating in the relevant industry / economic environment.

In performing these calculations, the Group has applied a Pre-tax weighted average cost of capital, by segment as follows:

	Weighted average cost of capital*		Growth rate**	
	2010 %	2009 %	**2010 %**	2009 %
Ski Fields	**12.6**	14.3	**4.1**	5.0
Tree Top Walks	**13.3**	13.9	**1.8**	4.0
Oceanis				
• Australia	**11.7**	14.2	**5.5**	5.6
• China	**11.2**	15.0	**1.5**	9.3
• Thailand	**13.2**	15.0	**3.1**	3.8
• Korea	**12.0**	15.6	**3.0**	4.0

* The Group has applied a Pre-tax weighted average cost of capital.
** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

The growth rates used to project cash flows beyond the five year cash flow forecast for each CGU are 2.8% to 7.0% (2009 3% to 7.0%). These growth rates are consistent with a conservative estimate of the future economic growth rate of the relevant economic / business environment.

18 Non-current assets – Intangible assets (continued)

(c) Impairment

2010 Financial year

No impairment adjustment has been required for any operating segment as at 30 June 2010.

2009 Financial year

An impairment write-down of $10.715 million was recorded against the carrying value of the ski fields' segment as at 30 June 2009. The impairment write-down in 2009 was predominately due to the following factors:

- Management reassessment of sustainable growth rates, capital expenditure requirements impacting on the free cash flow.
- Revision of the discount rate to reflect the current business environment, including a reassessment of the terminal value tax rate implicit in this calculation.

Sensitivity

Management have assessed the sensitivity to changes in EBITDA and resultant changes in terminal growth rates using a spectrum of pre-tax WACC rates between 11% to 14% (2009: 13% to 16%) and have determined that no reasonably possible changes in any of the key assumptions would cause the carrying value on any operating segment to materially exceed its recoverable amount.

19 Non-current assets – Other non-current assets

	Consolidated	
	2010 $'000	2009 $'000
Prepayments	**496**	570
Deferred expenditure	**764**	800
Other	**80**	-
	1,340	1,370

20 Current liabilities – Trade and other payables

Trade payables and accruals	**18,726**	21,841
Refundable deposits, bonds and vouchers	**3,056**	3,325
Other payables	**1,912**	1,550
	23,694	26,716

21 Current liabilities – Provisions

Provision for employee benefits – Annual Leave	**1,740**	1,926
Provision for employee benefits – Long Service Leave	**764**	564
	2,504	2,490

22 Non-current liabilities – Provisions

Provisions for employee benefits – Long Service Leave	**1,375**	1,220
Make good provisions	**271**	271
	1,646	1,491

22 Non-current liabilities – Provisions (continued)

	Consolidated 2010 $'000	2009 $'000
(a) Movements in provisions		
Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:		
Make good provisions		
Opening balance at 1 July	**271**	278
Arising during the year	**-**	-
Utilised	**-**	(7)
Closing balance at 30 June	**271**	271

In accordance with the requirements of various leases for rented premises the Group is required to restore leased premises to their original condition at the end of those leases. Because of the long-term nature of the liability, the greatest uncertainty is the costs that will ultimately be incurred.

23 Current liabilities – Deferred income

	2010 $'000	2009 $'000
Advance ticket passes	**3,716**	3,408
Sponsorship income	**54**	92
Advance rental	**237**	363
	4,007	3,863

24 Derivative financial instruments

	2010 $'000	2009 $'000
Current liabilities		
Interest rate swap contracts	**256**	945
Non-current liabilities		
Interest rate swap contracts	**-**	236

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Interest rate swaps

The terms and conditions of the lending agreement with the senior lender require the Group to enter into a swap agreement equal to 50% of the senior facility. In order to comply with this requirement the Group has entered into an interest rate swap contract under which it has the right to receive interest at a variable rate and to pay interest at a fixed rate. The swap in place covers 50% of the original $50.000 million advance ($47.500 million at balance date ($48.000 million at 30 June 2009)).

The interest rate swap is from October 2008 to October 2010, with the cash advance facility expiring in 2013, five years thereafter. The swap is measured at fair value and all gains and losses are taken directly into profit and loss.

25 Interest bearing loans and borrowings

	Notes	Consolidated 2010 $'000	2009 $'000
Current			
Secured			
Bank loans		**3,750**	38,234
Loan from joint venture – related party		**-**	9,291
Lease liabilities	40	**410**	585
Total secured current borrowings		**4,160**	48,110
Unsecured			
Loans from related parties	33	**133**	441
Vendor finance		**611**	217
Total unsecured current borrowings		**744**	658
Total current borrowings		**4,904**	48,768
Non-current			
Secured			
Lease liabilities	40	**131**	463
Bank loans		**130,798**	120,877
Total secured non-current borrowings		**130,929**	121,340
Unsecured			
Vendor finance		**1,316**	-
Total unsecured non-current borrowings		**1,316**	-
Total non-current borrowings		**132,245**	121,340
Total Borrowings		**137,149**	170,108

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Notes	2010 $'000	2009 $'000
Bank loans		**134,548**	159,111
Loan from joint venture – related party	17	**-**	9,291
Lease liabilities	40	**541**	1,048
Total secured liabilities		**135,089**	169,450

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 3.

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25 Interest bearing loans and borrowings (continued)

(c) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Financing arrangements	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Total facilities			
Term facility		**134,548**	121,000
Working capital facility		**-**	10,000
Finance leases and guarantees		**2,700**	2,700
Secured borrowings relating to Northbank joint venture	17	**-**	24,257
Unsecured borrowings		**2,060**	10,000
		139,308	167,957
Used at balance date			
Term facility		**134,548**	121,000
Working capital facility		**-**	-
Finance leases		**541**	1,048
Guarantees		**408**	-
Secured borrowings relating to Northbank joint venture	17	**-**	24,257
Unsecured borrowings		**2,060**	10,000
		137,557	156,305
Unused at balance date			
Term facility		**-**	-
Working capital facility		**-**	10,000
Finance leases and guarantees		**1,751**	1,652
Secured borrowings relating to Northbank joint venture	17	**-**	-
Unsecured borrowings		**-**	-
		1,751	11,652

Secured senior facility

The senior debt facility was refinanced during August 2008 and the debt covenant requirements have been met with significant headroom.

(d) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

(e) Assets pledged as security

The secured bank loans of the parent entity are secured against the Group's freehold land and buildings, including those classified as investment properties and other assets.

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

	Notes	2010	2009
Cash and cash equivalents	11	**19,928**	17,600
Receivables	12	**2,927**	27,825
Freehold land and buildings	16	**91,915**	98,868
Investment properties	15	**7,127**	7,120
Leasehold improvements	16	**61,285**	65,955
Plant and equipment	16	**73,673**	71,260
Plant and equipment – work in progress	16	**233**	1,168
Total assets pledged as security		**257,088**	289,796

26 Non-current liabilities – Deferred income

	Consolidated	
	2010 $'000	2009 $'000
Advance rental	**6,577**	7,018
Advance ticket passes	**2,260**	2,416
	8,837	9,434

27 Contributed equity / unit holders' funds

	Consolidated and Parent entity		Consolidated and Parent entity	
Group	**2010 Stapled securities (in units)**	2009 Stapled securities (in units)	**2010 $'000**	2009 $'000
(a) Stapled Security				
Units on issue	**2,726,286,083**	2,726,286,083	**280,993**	280,993
Unit issue costs			**(19,418)**	(19,418)
Contributed equity / unitholders' funds – trust			**261,575**	261,575
Contributed equity / unitholders' funds – company			**2,681**	2,681
Securities on issue (net of security issue costs)	**2,726,286,083**	2,726,286,083	**264,256**	264,256

(b) Movements in contributed equity / unit holders' funds:

Date	Details	Number of stapled securities	Issue price	$'000
1 July 2008	Opening balance	181,011,251		178,993
1 July 2008	Stapled securities issued	20,884,588	$0.0479	1,000
5 August 2008	Stapled securities issued	2,500,000,000	$0.0400	100,000
31 October 2008	Stapled securities issued	24,390,244	$0.0410	1,000
30 June 2009	Closing balance	2,726,286,083		280,993
1 July 2009	Opening balance	2,726,286,083		280,993
30 June 2010	Closing balance	2,726,286,083		280,993

(c) Distribution reinvestment plan

The Group has established a distribution reinvestment plan ("DRP") under which stapled security holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than being paid in cash. Stapled securities are issued under the DRP at a 2.5% discount to the market price. However, the DRP was suspended in February 2009 until further notice.

(d) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for security holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain security or adjust the capital securities structure, the Group may adjust the amount of dividend distribution paid to security holders, return capital to security holders, issue new securities or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

27 Contributed equity / unit holders' funds (continued)

(d) Capital risk management (continued)

	Notes	Consolidated 2010 $'000	2009 $'000
Total borrowings	25	**137,149**	170,108
Less: cash and cash equivalents	11	**(19,928)**	(17,600)
Net debt		**117,221**	152,508
Total equity		**157,326**	160,757
Total capital		**274,547**	313,265
Gearing ratio		**42.7%**	48.7%

Refer to note 3(c) for details liquidity risk.

28 Retained profits and reserves

(a) Retained profits / (accumulated losses)

	Notes	2010 $'000	2009 $'000
Movements in retained profits / accumulated losses were as follows:			
Balance 1 July		**(95,143)**	(79,711)
Distributions		**-**	-
Loss for the year		**(2,781)**	(15,432)
Balance June 30		**(97,924)**	(95,143)
Being			
Trust		**(13,123)**	(6,043)
Company		**(84,801)**	(89,100)
		(97,924)	(95,143)

(b) Reserves

	Notes	2010 $'000	2009 $'000
Asset revaluation reserve		**1,190**	1,190
Foreign currency transaction reserve		**(11,138)**	(10,466)
		(9,948)	(9,276)
Being			
Trust		**12,405**	12,553
Company		**(22,353)**	(21,829)
		(9,948)	(9,276)
Movements:			
Asset revaluation reserve			
Balance 1 July		**1,190**	-
Movement	16	**-**	1,190
Balance 30 June		**1,190**	1,190
Foreign currency translation reserve			
Balance 1 July		**(10,466)**	(8,244)
Currency translation differences arising during the year		**(672)**	(2,222)
Balance 30 June		**(11,138)**	(10,466)

28 Retained profits and reserves (continued)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2(n). The balance can only be used to pay dividends in limited circumstances.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 2(f). The reserve is recognised in profit and loss when the net investment is disposed of.

29 Non-controlling interest

	Consolidated	
	2010 $'000	2009 $'000
Net assets attributable to other non-controlling interests	**942**	920
	942	920

30 Reconciliation of (loss) after income tax to net cash inflow from operating activities

Loss for the year	**(2,759)**	(15,432)
Depreciation and amortisation	**17,165**	14,422
Impairment adjustment to goodwill	**-**	10,715
Gain on debt forgiveness income	**-**	(5,000)
Project costs written-off	**-**	682
JV project costs written-off	**-**	2,234
JV profit not received as cash	**(5,742)**	-
Profit on disposal of fixed assets	**74**	-
Fixed asset fair value adjustment	**-**	3,204
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors	**(149)**	9,361
(Increase) decrease in inventories	**147**	246
Decrease (increase) in other operating assets	**841**	-
(Decrease) increase in trade creditors	**(2,884)**	(27,939)
Increase (decrease) in other operating liabilities	**3,056**	(10,268)
Increase (decrease) in deferred tax liabilities	**2,402**	1,703
Net cash (outflow) inflow from operating activities	**12,151**	(16,072)

31 Distributions

(a) Stapled securities

There was no interim or final distribution for the year ended 30 June 2010 (2009: nil cents).	**-**	-
Total distributions provided for or paid	**-**	-

(b) Distributions not recognised at year-end

The directors have not recommended or proposed any distributions for the period ended 30 June 2010 (2009: nil).	**-**	-
Total distribution proposed and paid.	**-**	-

No distribution was paid or declared by the Company during the year (2009: nil)

32 Stapled Group

The units in the Trust are stapled to shares in the Company. The shares and units cannot be traded or dealt with separately.

During the year, the Company paid rent on assets held by the Trust. The Trust charged interest on loans provided to the Company up to February 2008, at which time interest charges within the Group were suspended. Interest charges have been re-commenced during the 2010 financial year.

33 Related party transactions

(a) Responsible Entity

The current Responsible Entity of the Trust is Living and Leisure Australia Management Limited, which has been the Responsible Entity since 10 February 2005 when, on a resolution by unit holders, it was appointed Responsible Entity.

Living and Leisure Australia Management Limited is a subsidiary of Arctic Capital Ltd. Arctic Capital Ltd acquired Living and Leisure Australia Management Limited from Octaviar Financial Services Pty Limited on 26 September 2008.

(b) Directors

The names of persons who were directors of the Responsible Entity during the period covered by this report were:

Julanne Mary Shearer	
Bruce Sinclair McComish	
Brett David Chenoweth	
Glenn Kevin Wein	(Appointed 25 November 2009)
Steve Graham Howes	(Appointed 30 June 2010)
Andrew John Kerr	(Resigned 30 June 2010)
Craig Allan Carracher	(Resigned 25 November 2009)
Martin John Alan Green	(Alternate director, resigned 25 November 2009)

(c) Subsidiaries

Interests in subsidiaries are set out in note 37.

(d) Interests held by related parties

Living and Leisure Australia Management Limited held no stapled securities at 30 June 2010 (2009: nil) and no options at 30 June 2010 (2009: nil).

(e) Responsible Entity's remuneration

In accordance with the Trust's constitution, the Responsible Entity is entitled to receive:

(a) a base fee of up to 0.2% per annum of the Gross Asset Value of the Trust;

(b) an incentive fee of 2.75% of the distributed income, to a maximum of 3.5% if the distributed amount exceeds 9.25% of net assets; and

(c) an acquisition fee of up to 1% of the purchase price of the asset or property acquired.

The Responsible Entity continued to waive the incentive fee and acquisition fee for the financial year. No Responsible Entity fees have been paid directly to any director of the Responsible Entity or the Company by the Group.

33 Related party transactions (continued)

(e) Responsible Entity's remuneration (continued)

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year:

	Consolidated	
	2010 $'000	2009 $'000
Base fee	**745**	854
	745	854

(f) Key management personnel

Disclosures relating to key management personnel are set out in note 34.

(g) Loans to / from related parties

	2010 $'000	2009 $'000
Loans from Responsible Entity		
Beginning of year	**441**	-
Loans advanced	**745**	854
Loans repayments and other non-cash transactions	**(1,053)**	(413)
End of year	**133**	441

34 Key management personnel disclosures

(a) Directors

The directors of Living and Leisure Australia Management Limited as Responsible Entity of the Trust and of Living and Leisure Australia Limited during the financial year are:

(i) Chair – Non-executive

Julanne Mary Shearer

(ii) Non-executive directors

Bruce Sinclair McComish	
Brett David Chenoweth	
Glenn Kevin Wein	(Appointed 25 November 2009)
Steve Graham Howes	(Appointed 30 June 2010)
Andrew John Kerr	(Resigned 30 June 2010)
Craig Allan Carracher	(Resigned 25 November 2009)
Martin John Alan Green	(Alternate director, resigned 25 November 2009)

34 Key management personnel disclosures (continued)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Employer
John Schryver	Chief Executive Officer, LLA and Australian Alpine Enterprises	Living and Leisure Australia Ltd Australian Alpine Enterprises Pty Ltd
Donovan Newton	Chief Financial Officer and Company Secretary, LLA	Living and Leisure Australia Ltd
Kevin Lehmann	Group General Manager, Oceanis Group	Oceanis Australia Pty Ltd
Peter King	Chief Financial Officer and Company Secretary, Australian Alpine Enterprises	Australian Alpine Enterprises Pty Ltd
Helen Moran	General Manager, Australian Alpine Enterprises Property Division and Tree Top Walks	Australian Alpine Enterprises Pty Ltd

(c) Key management personnel compensation

	Consolidated	
	2010 $'000	2009 $'000
Short-term employee benefits	**1,686,837**	1,663,441
Post employment benefits	**98,507**	77,124
Long-term employment benefits	**14,532**	14,459
Share-based payment	**-**	-
	1,799,876	1,755,024

Detailed remuneration disclosures are shown in the Directors' Report. The relevant information can be found in the Remuneration Report.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration

The Group has not offered any securities or options incentive scheme for remunerating directors or executives in the financial year ended 30 June 2010.

(ii) Stapled Security Holdings

The numbers of Living and Leisure Australia Group stapled securities held directly, indirectly or beneficially by the directors and key management personnel and their related entities, are set out below.

34 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel (continued)

(ii) Stapled Security Holdings (continued)

2010	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Name				
Directors of LLA Group				
Julanne Shearer	**675,000**	**-**	**-**	**675,000**
Bruce McComish	**224,625**	**-**	**-**	**224,625**
Brett Chenoweth	**-**	**-**	**-**	**-**
Glenn Wein	**-**	**-**	**-**	**-**
Steve Howes	**-**	**-**	**-**	**-**
Craig Carracher*	**-**	**-**	**-**	**-**
Martin Green*	**-**	**-**	**-**	**-**
Andrew Kerr*	**225,000**	**14,957**	**(239,957)**	**-**
Other key management personnel of the Group				
John Schryver	**85,000**	**-**	**-**	**85,000**
Donovan Newton	**-**	**-**	**-**	**-**
Kevin Lehmann	**27,895**	**-**	**-**	**27,895**
Peter King	**-**	**-**	**-**	**-**
Helen Moran	**-**	**-**	**-**	**-**

* Resigned during the financial year

2009	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Name				
Directors of LLA Group				
Julanne Shearer	50,000	625,000	-	675,000
Bruce McComish	232,090	224,625	(232,090)	224,625
Brett Chenoweth	-	-	-	-
John Warburton*	12,463	-	(12,463)	-
Craig Carracher	-	-	-	-
Martin Green	-	-	-	-
Andrew Kerr	225,000	-	-	225,000
Other key management personnel of the Group				
John Schryver	85,000	-	-	85,000
Donovan Newton	-	-	-	-
Kevin Lehmann	27,895	-	-	27,895
Peter King	-	-	-	-
Helen Moran	-	-	-	-

* Resigned during the financial year

35 Business combination

Current period

Nil

Prior period

(a) Acquisition of The Fly Control Company Pty Ltd

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 cash consideration of $11.874 million was paid over three intervals, with economic benefit transferring from 30 June 2009 post effecting final settlement.

- 1 July 2008 — $2.000 million, being $1.000 million cash and $1.000 million securities equivalent of 20,884,588 securities;
- 16 September 2008 — $2.000 million, being $1.000 million cash and $1.000 million securities equivalent of 24,390,244 securities;
- 30 June 2009 — $1.00 final cash 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 $974.000 million respectively. The Illawarra Fly opened operations in March 2008.

Details of net assets acquired and goodwill are as follows:	Notes	2009 $'000
Purchase consideration		
Cash paid (options 1 & 2 & 3)		2,000
Securities issued (options 1 & 2 only)		2,000
Construction costs paid for		7,759
Direct costs relating to the acquisition		115
Total purchase consideration		11,874
Fair value of net identifiable assets acquired		7,759
Goodwill	18	4,115
		11,874

The goodwill is attributable to the Illawarra Fly's pre-existing goodwill at acquisition.

(b) Assets and liabilities acquired

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

	Acquiree's carrying amount $'000	**Fair value $'000**
Property, plant and equipment	7,759	7,759
Net identifiable assets acquired	7,759	7,759

36 Parent Entity Information

Information relating to Living and Leisure Australia Trust, the Parent Entity

	2010 $'000	2009 $'000
Current assets	**7,574**	6,314
Total assets	**240,675**	253,813
Total liabilities	**(140,034)**	(139,327)
Net assets	**100,641**	114,486
Contributed equity	**261,575**	262,840
Retained earnings	**(160,934)**	(148,428)
Hedging reserve	**-**	74
Total equity attributable to unitholders	**100,641**	114,486
Profit or loss of the parent entity	**(12,606)**	(59,767)
Other comprehensive income of the parent entity	**-**	-
Total comprehensive income of the parent entity	**(12,606)**	(59,767)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with a number of its Australian based subsidiaries. Details of the Deed of Cross Guarantee are shown at note 38.

Contingent liabilities of the parent entity

The parent entity has no known contingent liabilities as at balance date that have not already been reflected in the above financial statements as a provision.

Capital commitments of the parent entity

As at balance date there is no capital expenditure contracted for at the reporting date but not recognised as liabilities.

37 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(c):

Name of entity	Country of incorporation		Equity holding (b) 2010 %	2009 %
Living and Leisure Australia Trust	Australia		100	100
Living and Leisure Australia Limited	Australia	a	100	100
AAE Trust	Australia		100	100
Aquaria Twenty One Co Ltd	Korea		100	100
Aquia Pty Ltd	Australia	a	100	100
Australian Alpine Enterprises Holdings Pty Ltd	Australia	a	100	100
Australian Alpine Enterprises Pty Ltd	Australia	a	100	100
Australian Alpine Property Pty Ltd	Australia	c	-	100
Australian Alpine Reservations Centre Pty Ltd	Australia	a	100	100
Bale Mt Hotham Pty Ltd	Australia	a	100	100
Busan Aquaria Twenty One Co Ltd	Korea		100	100
Christchurch Investment Company Limited	British Virgin Is.		100	100
Falls Creek Ski Lifts Pty Ltd	Australia	a	100	100
FC Properties Pty Ltd	Australia	c	-	100
Fly Control Company Pty Ltd	Australia	c	-	100
Gebi Falls Creek Pty Ltd	Australia		100	-
Illawarra Tree Tops Pty Ltd	Australia	a	100	100
LLA Aquariums Pty Ltd	Australia	a	100	100
Lake George LLC	USA		100	100
Limlimbu Ski Flats Pty Ltd	Australia		64	64
Living and Leisure NZ Pty Ltd	New Zealand	c	-	100
LLA Finance Trust	Australia		100	100
LLA Excluded Properties Pty Ltd	Australia	c	-	100
Melbourne Underwater World Pty Ltd	Australia	a	100	100
Melbourne Underwater World Trust	Australia	a	100	100
MHSC Consultants Pty Ltd	Australia	c	-	100
MHSC Developments Pty Ltd	Australia	c	-	100
MHSC DP Pty Ltd	Australia	a	100	100
MHSC Hotels Pty Ltd	Australia	a	100	100
MHSC HS Pty Ltd	Australia	c	-	100
MHSC Properties Pty Ltd	Australia	a	100	100
MHSC Transportation Services Pty Ltd	Australia	a	100	100
Mt Hotham Management & Reservation Pty Ltd	Australia	a	100	100
Mt Hotham Skiing Company Pty Ltd	Australia	a	100	100
MUW Holdings Pty Ltd	Australia	a	100	100
Northbank Development Trust	Australia		100	100
NZ Leisure Australia Pty Ltd	Australia	a	100	100
NZ Leisure SPV Pty Ltd	Australia	c	-	100
NZ Leisure Trust	Australia	c	-	100
Oceanis Australia Pty Ltd	Australia	a	100	100
Oceanis Australia Trust	Australia		100	100
Oceanis Developments Pty Ltd	Australia	a	100	100
Oceanis Holdings Ltd	Australia	a	100	100
Oceanis Korea Trust	Australia		100	100
Oceanis NB Pty Ltd	Australia	a	100	100
Oceanis Northbank Trust	Australia		100	100
Oceanis Trust	Australia		100	100
Parkthorn Properties Pty Ltd	Australia	a	100	100
Shanghai Chang Feng Ocean Park	China		100	100
Siam Ocean World Bangkok Co Ltd	Thailand		100	100
Siam Ocean World Company Limited	Thailand		100	100
The Otway Fly Pty Ltd	Australia	a	100	100
The Otway Fly Unit Trust	Australia		100	100
UnderWater World Sunshine Coast Pty Ltd	Australia	a	100	100
US Fly Unit Trust	Australia		100	100

a These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer to note 38.

b The proportion of ownership interest is equal to the proportion of voting power held.

c These entities were liquidated during the financial year.

38 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned entities listed and denoted by "a" in note 37 are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, the entities listed and denoted by "a" in note 37 (the "Closed Group") entered into a Deed of Cross Guarantee. The effect of the deed is that Living and Leisure Australia Limited has guaranteed to pay any deficiency in the event of winding up of controlled entity or if they do not meet their obligations under terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Living and Leisure Australia Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Living and Leisure Australia Group, they also represent the 'Extended Closed Group'.

The following entities were wound up during the current year and are no longer party to the Deed of Cross Guarantee.

- Australian Alpine Property Pty Ltd
- FC Properties Pty Ltd
- LLA Excluded Properties Pty Ltd
- MHSC Consultants Pty Ltd
- MHSC Developments Pty Ltd
- MHSC HS Pty Ltd
- NZ Leisure SPV Pty Ltd

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising all entities that are members of the Closed Group are as follows:

(a) Closed Group – Consolidated statement of comprehensive income and retained earnings

Income statement	**2010 $'000**	2009 $'000
Revenue from continuing operations	**85,864**	87,401
Cost of goods sold	**(6,999)**	(7,317)
Gross Profit	**78,865**	80,084
Other income	**1,100**	1,879
Operating expenses	**(78,562)**	(79,141)
Finance (costs) / income	**15**	(1,350)
Profit / (loss) before income tax	**1,418**	1,472
Income tax expense	**(2,220)**	(1,740)
Net Profit / (loss) for the period	**(802)**	(268)
Other comprehensive income	**177**	-
Total comprehensive income for the period net of tax	**(625)**	(268)
Net Profit / (loss) for the period attributable to shareholders	**(824)**	(268)
Net Profit / (loss) for the period attributable to non-controlling interest	**22**	-
Net Profit / (loss) for the period	**(802)**	(268)
Net Profit / (loss) for the period attributable to shareholders	**(824)**	(268)
Accumulated losses at the beginning of the financial year	**(37,477)**	(37,209)
Accumulated losses at the end of the financial year	**(38,301)**	(37,477)

38 Deed of cross guarantee (continued)

(b) Closed Group – Consolidated statement of financial position

Assets	2010 $'000	2009 $'000
Current assets		
Cash and cash equivalents	**8,643**	5,872
Trade and other receivables	**59,585**	60,836
Inventories	**8,439**	8,594
Other current assets	**1,266**	2,283
Total current assets	**77,933**	77,585
Non-current assets		
Property, plant and equipment	**88,103**	91,651
Intangible assets	**73,159**	73,122
Other non-current assets	**53,408**	20,834
Total non-current assets	**214,670**	185,607
Total assets	**292,603**	263,192
Liabilities		
Current liabilities		
Trade and other payables	**13,432**	15,287
Borrowings	**946**	26,335
Deferred income	**3,160**	2,739
Provisions	**2,322**	2,490
Total current liabilities	**19,860**	46,851
Non-current liabilities		
Borrowings	**315,753**	259,999
Deferred income	**6,630**	7,099
Provisions	**7,423**	5,681
Total non-current liabilities	**329,806**	272,779
Total liabilities	**349,666**	319,630
Net assets	**(57,063)**	(56,438)
Equity		
Contributed equity	**2,681**	2,681
Reserves	**(22,385)**	(22,562)
Accumulated losses	**(38,301)**	(37,477)
Non controlling interest	**942**	920
Total equity	**(57,063)**	(56,438)

39 Contingencies

(a) Contingent liabilities

The consolidated entity has no known contingent liabilities as at balance date that have not already been reflected in the attached financial statements as a provision. The consolidated entity has an ongoing issue with the State Revenue Office regarding an assessment as land rich which is currently under review.

(b) Financial facilities

The consolidated entity has provided financial facilities as per below:

(i) Bank guarantees $407,794 (2009: $446,279)

(ii) Letter of credit $nil (2009: $nil)

40 Commitments

(a) Capital commitments

	Consolidated	
	2010 $'000	2009 $'000
General		
Within one year	**762**	-
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	762	-

(b) Lease commitments

(i) Operating leases

Operating leases relate to equipment with lease terms of between 3 and 5 years and long-term Crown Leases, with an option to potentially extend. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have the option to purchase the leased asset at the expiry of the lease period. Leases are primarily related to business operations which are based in long-term leasehold properties.

	Consolidated	
	2010 $'000	2009 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**8,226**	8,225
Later than one year but not later than five years	**18,259**	21,029
Later than five years	**45,134**	46,137
Commitments not recognised in the financial statements	**71,619**	75,391

40 Commitments (continued)

(b) Lease commitments (continued)

(ii) Finance leases

The consolidated entity has finance leases and hire purchase contracts for various items of equipment and motor vehicles. The consolidated entity has options to purchase the equipment at a nominal amount at the conclusion of the lease agreements.

	Notes	Consolidated 2010 $'000	2009 $'000
Commitments in relation to finance leases are payable as follows:			
Within one year		**447**	609
Later than one year but not later than five years		**131**	485
Later than five years		**-**	-
Minimum lease payments		**578**	1,094
Future finance charges		**(37)**	(46)
Recognised as a liability		**541**	1,048
Lease incentives on non-cancellable operating leases included in lease liabilities		**-**	-
Total lease liabilities		**541**	1,048
Representing lease liabilities:			
Current	25	**410**	585
Non-current	25	**131**	463
		541	1,048

The weighted average interest rate implicit in the leases is 8.57% (2009: 8.85%).

41 Events occurring after the statement of financial position date

In July 2010 LLA announced plans to construct a world-class Zip Line Adventure Tour at its Otway Fly Tree Top Walk. LLA will invest $1.400 million in the new Zip Line which is expected to be operational by October 2010.

LLA issued 101,966,500 options to key executives on 30 July 2010. Each option entitles the holder to apply for one stapled security at an exercise price of $0.04. The options are exercisable in tranches subject to performance, liquidity and other requirements. The options are issued for no consideration, in order to provide a long-term incentive to key employees. The options were not issued to a class of security holders and are not quoted on the ASX.

Except for the matters discussed above, no other matter or circumstance that has arisen since the end of the financial year which has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group.

42 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	Consolidated	
	2010 $	2009 $
Assurance services		
Audit services		
Ernst & Young Australia		
Audit and review of financial reports	**542,282**	445,202
Related practices of Ernst & Young Australia	**-**	-
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports	**-**	9,798
Total remuneration for audit services	**542,282**	455,000
Other assurance services		
Ernst & Young Australia		
Audit and review of financial reports	**1,500**	-
Related practices of Ernst & Young Australia	**-**	249,955
Total remuneration for other assurance services	**1,500**	249,955
Total remuneration for assurance services	**543,782**	704,955

Directors' declaration

30 June 2010

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 50 to 108 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Trust's and the Group's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 38 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 described in note 38.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Julanne Shearer

Julanne Mary Shearer
Chair
27 August 2010

ERNST & YOUNG

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Independent auditor's report to the members of Living and Leisure Australia Group

Report on the Financial Report

We have audited the accompanying financial report of Living and Leisure Australia Group, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Living and Leisure Australia Group is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 39 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Living and Leisure Australia Group for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David McGregor
Partner
Melbourne
27 August 2010

Security holder information

For the year ended 30 June 2010

The security holder information set out below was applicable as at 25 August 2010.

A Number of holders of equity securities

Stapled securities

- 2,726,286,083 fully paid stapled securities are held by 2,080 security holders.

Unquoted options

- 101,966,500 employee options are held by 11 individual option holders. All options are subject to vesting rules and expire on 30 October 2013.

Distribution of stapled securities

Analysis of numbers of stapled security holders by size of holding:

	Stapled securities	Unquoted Options
1 - 1,000	207	-
1,001 - 5,000	364	-
5,001 - 10,000	309	-
10,001 - 100,000	847	-
100,001 and over	353	11
Total	**2,080**	**11**

There were 1,198 holders of less than marketable parcel of quoted stapled securities.

B Stapled security holders

Twenty largest quoted stapled security holders

The names of the twenty largest holders of quoted stapled securities are listed below:

	Stapled securities	
	Number held	**Percentage of issued securities**
Arctic LES (Ireland) Limited	1,332,199,171	48.86
Morgan Stanley Australian Securities (Nominee) Pty Ltd	538,372,642	19.75
HSBC Custody Nominees (Australia) Limited – GSCO ECA	525,000,000	19.26
Octaviar Financial Services Ltd	35,800,000	1.31
Fly South Pty Ltd (Neil Wade Super Fund A/c)	22,637,416	0.83
Mr Rajesh Parsotam Haridas	17,500,000	0.64
Miss Neetha Kooverjee	14,000,000	0.51
Hush Hush Pty Ltd	12,973,447	0.48
Shane Abel	11,318,708	0.42
Shane Abel (Shane Abel Family No.2 A/c)	11,318,708	0.42
Perpetual Nominees Limited (Premium Income Fund A/c)	8,500,000	0.31
Hush-Hush Pty Ltd	7,987,735	0.29
Arthur Earle Youth Foundation Limited	7,220,000	0.26
Wallbay Pty Ltd	4,896,770	0.18
Octopus Group Pty Ltd	4,600,000	0.17
Mr Craig MacBride	4,000,000	0.15
Grollo International Pty Ltd	3,498,119	0.13
Mr Barry Francis Cronin and Mrs Kerry Anne Cronin	3,112,821	0.11
Mr David Segal	3,100,000	0.11
Mr Ronald James Goodlad	3,091,500	0.11
	2,571,127,037	**94.30**

LLA is not currently undertaking any on-market buy back.

C Substantial holders

Substantial stapled security holders in the Group are set out below:

	Number held	Percentage of issued securities
Arctic LES (Ireland) Limited	1,332,199,171	48.86
Morgan Stanley Australian Securities (Nominee) Pty Ltd	538,372,642	19.75
HSBC Custody Nominees (Australia) Limited – GSCO ECA	525,000,000	19.26

D Securities subject to voluntary escrow

There are no stapled securities subject to voluntary escrow.

E Voting rights

The voting rights attaching to each class of equity securities are set out below:

Stapled securities

On a show of hands every security holder present at a meeting in person, by proxy, attorney or duly appointed corporate representative shall have one vote.

On a poll:

- In the case of a resolution of the Company, each shareholder present in person has one vote for each share they hold. Also each person present as a proxy, attorney or duly appointed corporate representative or a shareholder, has one vote for each share held by the shareholder that the person represents; and
- In the case of a resolution of the Trust, each unitholder present in person has one vote for each dollar of the value of the units in the Trust held by the unitholder. Also, each person present as proxy, attorney or duly appointed corporate representative of a unitholder has one vote for each one dollar of the value of the units in the Trust held by the unitholder that the person represents.

Unquoted options

No voting rights.

Corporate directory

Aquariums

Oceanis Corporate
Corner Flinders and King Streets
Melbourne Victoria 3000
Australia

Phone +61 3 9923 5999

Melbourne Aquarium
Corner Flinders and King Streets
Melbourne Victoria 3000
Australia

Phone +61 3 9923 5999
Email melb_aquarium@melbourneaquarium.com.au
www.melbourneaquarium.com.au

UnderWater World
Parkyn Parade
Mooloolaba
Queensland 4557
Australia

Phone +61 7 5458 6280
Reservations +61 7 5448 6226
Email shark@underwaterworld.com.au
www.underwaterworld.com.au

Shanghai Chang Feng Ocean World
Beluga Show Stadium
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Pu Tuo District
Shanghai 200062
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Jung-1-dong
Haeundae-Gu, Busan (612-846)
Republic of Korea

Phone +82 51 740 1700
Email webmaster@busanaquarium.com
www.busanaquarium.com

Ski Fields

AAE Corporate
175 Kiewa Valley Highway
Tawonga South Victoria 3698
Australia

Phone +613 5754 4272

Mt Hotham
Great Alpine Road
Mt Hotham Victoria 3741
Australia

Phone Toll free 1800HOTHAM or +61 3 5759 4444
Email mhsc@hotham.com.au
www.hotham.com.au

Falls Creek
3 Village Bowl Court
Falls Creek, Victoria 3699
Australia

Phone Toll free 18000 45 35 25 or +61 3 5758 1000
Email fcadmin@fallscreek.net
www.skifalls.com.au

Tree Top Walks

Illawarra Fly
182 Knights Hill Road
Knights Hill
New South Wales 2577
Australia

Phone 1300 362 881 or +61 2 4885 1010
Email manager@illawarrafly.com
www.illawarrafly.com

Otway Fly
360 Phillips Track
Weeaproniah Victoria 3237
Australia
(Beech Forest, 3237 for GPS referencing)

Phone 1800 300 477 or +61 3 5235 9200
Email admin@otwayfly.com
www.otwayfly.com

Corporate directory

For personal use only

Living and Leisure Australia Group

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Australia

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Australia

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Fax +61 3 8630 5599
Email mail@livingandleisure.com.au
Website www.livingandleisure.com.au

Living and Leisure Australia Group comprising:

Living and Leisure Australia Limited
ABN 92 107 863 445

Living and Leisure Australia Trust
ARSN 092 701 589

(Responsible Entity: Living and Leisure Australia Management Limited, ABN 60 101 634 315, AFSL 280985)

The primary role of the Board and Living and Leisure Australia Management Limited, in its role as Responsible Entity of Living and Leisure Australia Trust and the Board of Living and Leisure Australia Limited, is to protect and enhance long-term security holder value.

Directors

Julanne Shearer
Independent Non-executive Director, Chair

Bruce McComish
Independent Non-executive Director, Deputy Chair

Brett Chenoweth
Independent Non-executive Director

Steve Howes
Independent Non-executive Director

Glenn Wein
Non-executive Director

Executive officers and senior management

John Schryver
Chief Executive Officer, Living and Leisure Australia Group
Chief Executive Officer, Australian Alpine Enterprises

Donovan Newton
Chief Financial Officer and Company Secretary
Living and Leisure Australia Group

Peter King
Chief Financial Officer and Company Secretary
Australian Alpine Enterprises

Geoff Olson
Group General Manager, Oceanis

Helen Moran
General Manager, Australian Alpine Enterprises
(Property Division)
General Manager, Tree Top Walks

Registry

Computershare Investor Services Pty Ltd
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Australia

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Fax +61 3 9473 2500
Email web.queries@computershare.com.au
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Notes

living and leisure
australia

www.livingandleisure.com.au

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